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NEWS SUMMARY

GENERAL

UK tells Libyan envoy to leave

Britain has ordered the head of the Libyan People's Bureau in London to leave within 48 hours.

Mr. Musa Kousa had said that Libyan revolutionaries had decided to assassinate two more opponents of Col. Gadaffy's regime, and that vendetta killings would continue.

Deputy Foreign Secretary Sir Ian Gilmour told the Commons that Mr. Kousa's presence in Britain was no longer in the interests of Anglo-Libyan relations. Back Page. Feature, Page 17

Raid kills 200

More than 200 guerrillas and 16 South African soldiers were killed in a South African raid on an Angolan base across the border of Namibia. Page 2

More cuts urged

Environment Secretary Michael Heseltine has asked local authorities in England and Wales to revise their 1980-81 budgets and prune them wherever possible. Back Page

New eruption

Mount St. Helens, the volcano in Washington State, has erupted again, sending debris 10 miles into the atmosphere. Half an inch of ash fell on Portland, Oregon. Page 2

Financier jailed

Italian financier Michele Sindona, 60, was jailed for 25 years in New York for fraud and conspiracy in connection with the 1973 Franklin National Bank collapse—the biggest failure in U.S. banking history.

FA fined £8,000

The European Football Union fined the Football Association about £8,000 for the rioting by English supporters at Thursday's England-Belgium match in Turin. The England-Italy game scheduled for tomorrow will be cancelled if there is any more trouble, said Turin's Mayor.

Williams warns

Control of Labour's manifesto by the left-dominated national executive would be a "recipe for utter disillusion," said Mrs. Shirley Williams. Page 3

Siege girl

Gail Kinchen, the 16-year-old girl accidentally shot by police during a Birmingham flat siege, has lost the baby she was expcting. Selly Oak hospital said she was still very ill.

Ferry blaze

Nearly 1,000 passengers on the Sealink ferry Senlac were evacuated at the French port of Dieppe after a fire.

Ballesteros out

Spain's Severiano Ballesteros was disqualified from the U.S. Open at Springfield, New Jersey, when he was late for his match. Golf, Page 12

Lucky escape

Racing driver Desire Wilson escaped without a scratch after her car left the track at 130 mph, smashed into steel barriers, took off and landed upside down during practice for today's Le Mans 24-Hour race.

Briefly . . .

Former Labour MP John Stonehouse was discharged at London Bankruptcy Court from a criminal bankruptcy order made in 1976. Page 3

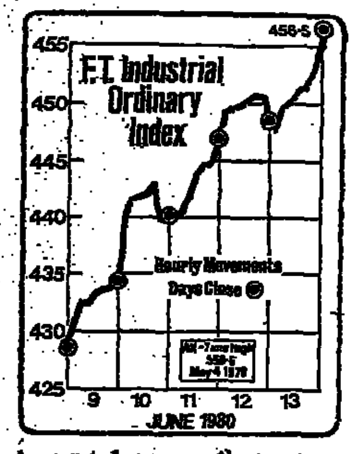
ITV is to cut its Olympics coverage from a planned 170 hours to about 40 hours. Page 3

Former Prime Minister Sir Harold Wilson is making good progress following a major operation.

BUSINESS

Equities rise 8; Gold up $16

● EQUITIES: the FT 30-share index put on 8.0 to close at 456.5 for a two-week rise of 40.6, its biggest advance on an



Account for more than a year. The Gold Mines index rose 11.9 to 340.9. Page 26

● GILTS moved ahead in late trade, and the Government Securities index closed 0.13 up at 68.41. Page 26

● GOLD rose $16 in active London trading to close at $607. Page 25

● DOLLAR fell on the U.S. interest rates cut to DM 1.7555 (DM 1.7625), and its trade-weighted index was 83.0 (83.3). STERLING gained 25 points to close at $2.3420, but its index slipped to 73.6 (73.7). Page 25

● WALL STREET was 5.29 up at 877.90 near the close. Page 22

● BUILDING SOCIETIES are still failing to attract sufficient funds to meet mortgage demand, with net receipts in May of only £225m against £266m in April. Page 3

● WHOLESALE prices in Japan fell in May for the first time in 19 months, reflecting the impact of the yen's strength on import prices. Page 2

● TREASURY said progress had been made in negotiations over the outstanding debt of the previous Rhodesian Government. The Zimbabwe delegation is returning to consult ministers in Salisbury.

● MERIDEN plans for a [illegible] with Marubeni of Japan have fallen through, and the workers' co-operative is to seek technical aid and supplies from a UK or European company, chief executive Geoffrey Robison said.

● FORD is to spend $365m (£155.8m) on building an engine plant in Mexico. Page 2

LABOUR

● IRON AND STEEL Trades Confederation is preparing for High Court action in a bid to stop British Steel from closing Consett and other plants. Back Page

● CEGB talks failed to reach agreement on the Isle of Grain inter-union dispute, but a laggers' strike on CEGB sites planed from Monday was called off in a bid to find a solution. Page 4

COMPANIES

● BRITISH HOME Stores is planning a rights issue to raise a net £24.8m to finance the bulk of its capital spending programme of about £35m. Back Page

● ARTHUR GUINNESS, Son and Co. announced first-half pretax profits down £1.9m to £21.2m and warned of increasing pressure on profit growth. Page 18 and Lex, Back Page

● PILKINGTON Brothers pretax profits for the year advanced £1.1m to £91.4m after royalties and higher associates' contribution, but trading profits were slightly lower. Page 18 and Lex, Back Page

● ALPINE SOFT DRINKS pretax profits for the year fell to £926,000 from £1.51m. Page 18

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas. 15pc 1985	£104¼	+ ⅜
Treas. 15¼pc 1996	£108¼	+ ½
Applied Computer T	368	+ 33
British Aluminium	205	+ 17
Brit. Vending	21	+ 5
Dufay Bitumastic	33	+ 5
Dunlop	76	+ 3
GRA Prop. Trust	21	+ 2½
Glaxo	216	+ 6
GKN	245	+ 6
Hawker Siddeley	194	+ 7
Higgs and Hill	55	+ 5
Hill Samuel	99	+ 5
ICI	376	+ 6
Kennedy Brookes	83	+ 8
Law Land	74	+ 5
Lloyds Bank	322	+ 7
Monk (A.)	32	+ 6
Phoenix Timber	118	+ 8
Polly Peck	71	+ 6
Powell Duffryn	178	+ 10
Racal Elec.	254	+ 6
Reckitt and Colman	194	+ 8
Staveley Inds.	206	+ 9
Unicorn	116	+ 28
Vickers	134	+ 7
Aran Energy	454	+ 36
Premier Cons.	95	+ 5
Jo'burg Cons.	£27¼	+ 1½
Kloof Gold	£13¼	+ ⅞
Pres. Steyn	£16	+ 1½
Samantha Explor.	148	+ 12
Southvaal	£11⅞	+ ⅞
Venterspost	725	+ 40
West Drie.	£37¼	+ 1½
FALLS		
Arrow Chemicals	42	− 5
Chloride	43	− 4
Guinness (A.)	91	− 5
Pilkington	206	− 7
Sidlaw	106	− 8

Five-year record for fall in U.S. industrial output

BY JUREK MARTIN IN WASHINGTON

INDUSTRIAL PRODUCTION in the U.S. fell in May by the largest monthly amount in the last five years, reinforcing the growing assumption that the recession will be deeper and perhaps longer than the Carter Administration would like in an election year.

The 2.1 per cent month-on-month decline in the industrial production index comes on top of a revised 2 per cent drop in April and smaller falls in the two previous months.

The deterioration was widely spread. Output of consumer durables was down 4.9 per cent in the month, principally because of the collapse of the car industry. Car production was 8 per cent lower in May than in April, and 40 per cent under the level of a year ago.

Output of construction supplies was down by more than 4 per cent for the second consecutive month, and stood at 11 per cent below that of a year ago.

There are, however, fragmentary early signs of a pick-up in demand for housing materials. In the Pacific North-West, for example, a major timber-producer, some of the 50,000 workers laid off in April and early May have recently been taken on again.

Nevertheless, the magnitude of the recession is clearly creating problems for both the Carter Government and Congress. On Thursday night the House of Representatives and the Senate finally resolved a long impasse by passing a $613.6bn revised spending Budget for the 1981 fiscal year, starting in October.

This Budget, which increases defence spending at the expense of some social programmes, is supposed to produce a nominal surplus of $200m, fulfilling President Carter's pledge to balance the Budget as part of the battle against inflation.

But several senators and congressmen — and privately, senior Administration officials —are now convinced that a balanced Budget is unobtainable because the recession will produce lower revenues and greater Federal payments for unemployment insurance and the like.

The goal would be even more elusive if the President is determined that the economy needed the corrective medicine of a tax cut or stimulative spending in the months ahead.

For the record, the Administration remains dead set against running the inflationary risk of such a course. This was restated as recently as Thursday in the President's long submission to the Democratic Party's Platform Committee, now holding hearings in Washington before the party convention in August.

But the political pressures on Mr. Carter to take remedial action are bound to mount, especially as he continues to grapple with Senator Kennedy's persistent challenge to his renomination.

The consoling factor for Mr. Carter is, of course, the fact that inflation seems to be abating.

PRIME RATES DOWN AGAIN

SEVERAL major money centre banks, including Chemical, Morgan Guaranty and Irving Trust, lowered their prime lending rates to 12 per cent yesterday, another indication of Wall Street's assessment of the severity of the economic decline.

On Thursday night the Federal Reserve Board in Washington reduced the discount rate from 12 to 11 per cent, reflecting conditions in the money markets. This produced some pressure on the dollar in late trading in New York, and against yesterday morning in Europe.

Later in New York the dollar recovered some of the ground lost in Europe, trading in early afternoon at DM 1.7540, slightly higher than the New York close on Thursday. Sterling was quoted at $2.3420.

Inflation rate for retail prices 'probably peaking'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE ANNUAL rate of retail price inflation is probably now at a peak after doubling to just under 22 per cent in the last year.

Any deceleration may be only gradual, though there is increasing evidence that price rises are being restrained by the competitive pressures of falling consumer demand and of the strong pound. This is, however, at the cost of a tightening squeeze on industry's profit margins.

Department of Employment figures published yesterday show that the retail prices index increased by 0.9 per cent in the month to mid-May to 263.2 (January 1974=100), the smallest monthly rise since December.

This resulted in only a slight rise in the 12-month rate of increase from 21.8 to 21.9 per cent.

Yesterday, after the end of the EEC summit, in Venice, Mrs. Margaret Thatcher said she was hopeful that the peak in the inflationary cycle had been reached.

This is likely, since the 12-month rate of increase will decline provided that the rise in the June index is less than the 1.7 per cent increase in the same month last year.

A major improvement will come in a couple of months' time when the 12-month rate should drop by about three points because of the absence from the comparison of the big price rises caused by last summer's increase in Value Added Tax.

The Whitehall view is that the 12-month rate will fluctuate in the late summer and autumn in the upper teens before ending the year at around 18 per cent. On this view there will will only be gradual deceleration therafter unless there is a dramatic reduction in the level of pay rises.

Some commentators say this is too pessimistic in view of easing raw material cost pressures on industry and widespread signs of High Street price cutting. For example, it appears that some of last month's rise in manufacturers' bread prices was not passed on fully to the consumer. Another favourable factor is a fall in seasonal food prices. There are also relatively few big price rises in the pipeline.

A large part of the acceleration in inflation over the last year can be explained by the sharp rise in oil prices and by the increase in the level of pay settlements.

In addition, increases in various nationalised industry charges and prices have made a major contribution which has not yet ended. This is shown by a little known index for such industries' prices. The 12-month rate in increase in this index

Continued on Back Page

Peerages for three businessmen

BY PHILIP RAWSTORNE

LIFE PEERAGES are conferred on three of the country's prominent businessmen in the Queen's Birthday Honours today.

Seven other leading figures in industry and commerce are awarded knighthoods.

Sir Arnold Weinstock, managing director of the General Electric Company (GEC), who was knighted ten years ago, becomes a life peer. He is a key figure in the current political-industrial debates over the future of the nuclear energy and microchip industries.

Peerages go to Sir Frank McFadzean, chairman of Rolls-Royce and former head of British Airways; and to Mr. Victor Matthews, deputy chairman and chief executive of the Cunard-based conglomerate, Trafalgar House, and chairman of the Express Newspapers group.

Mr. Tom Boardman, the former Tory Industry Minister, who was recently president of the Association of British Chambers of Commerce, is also made a life peer.

Two industrialists are knighted for services to export, they are Mr. Graham Wilkins, chairman and chief executive of the Beecham Group, whose overseas sales last year topped £90m, and Mr. Joseph Braithwaite, chairman of Baker Perkins, who in 1978 exported £35m of their total £50m manufactures.

Other knighthoods awarded in the business field go to Mr. Ronald Owen, former chairman of Prudential Assurance; Mr. Austin Pearce, former chairman of Esso; Mr. Robert Lawrence, chairman of the National Freight Corporation; Professor Alan Harris, senior partner in Harris and Sutherland, consultant engineers; and Mr. Philip Dowson, head of architects, Ove Arup.

Mr. John Le Quesne, chairman of the Monopolies and Mergers Commission; and Mr. Peter Meinertzhagen, general manager of the Commonwealth Development Corporation, are knighted.

Continued on Back Page
Full list, Page 4

Interest rate cut hopes revive

By Peter Riddell, Economics Correspondent

CITY HOPES of a cut in interest rates have revived despite last Tuesday's disappointing banking figures. Prices of gilt-edged stocks rose sharply yesterday and the Treasury bill rate fell for the fifth week running at the Friday tender.

There has been no change of policy to substantiate this renewed optimism, as the Government is still adopting a wait-and-see attitude on Minimum Lending Rate until the rate of growth of the money supply is more clearly within the official taregt range.

Hopes have, however, been encouraged by the fall in some money market rates. The three-month rate at yesterday's tender dropped from 15.95 to 15.83 per cent which would have indicated an MLR of 16½ per cent (against the present 17 per cent) under the old market-related formula. This was abandoned two years ago in favour of the present administered system.

Prices of long-dated gilt-edged stocks rose by £⅞ during normal trading hours yesterday and later rose further to close £1¼ higher. There were also increases in prices of short-dated stocks, and the Government Broker sold the 1994 tap stock at £40¼ and is expected to be bid for the stock at £40½ on Monday morning. Brokers reported sizeable demand from overseas, notably from the U.S.

The result is that despite a slight hiccup following Tuesday's banking figures the FT Government Securities index rose 1 per cent over the week.

Money market rates have remained at around half a point lower than at the beginning of the month since for most of the week there was a plentiful supply of cash in response to high Government spending. However, conditions could tighten, as they did yesterday, because of the withdrawal of some of the funds lent by the Bank in special assistance to the market.

£ in New York

—	June 12	Previous
Spot	$2.3365-3375	$2.3475-3495
1 month.	1.70-1.65 dis.	1.90-1.83 dis.
3 months	4.52-4.46 dis.	4.60-4.50 dis.
12 months	10.20-10.05dis.	10.06-9.85 dis

EEC Mideast peace bid may offend U.S.

BY JOHN WYLES IN VENICE

THE EEC risked a serious breach with the U.S. and Israel yesterday by issuing an unprecedentedly outspoken declaration on the Middle East.

The Community is offering negotiating recognition to the Palestine Liberation Organisation and calling for a comprehensive Middle East peace settlement leading to full Palestinian self-determination.

The long-awaited declaration from the EEC Heads of Government summit here will be seen as justifying Israeli and, to a lesser extent, American fears that the Nine care little about preserving the Camp David peace process.

Israel and her supporters in the U.S. are likely to be deeply upset by the language of the text.

It strongly criticises Israeli settlement policies in the occupied Arab territories, rejects as unacceptable any move to change the status of Jerusalem, and calls for association of the PLO in peace negotiations without any clear demand that the PLO should first recognise Israel's right to exist.

The Nine announced plans to mount a fact-finding mission to the Middle East which may be the prelude to an effective EEC peace initiative.

The declaration is partly intended to be a defiant response to President Jimmy Carter's recent efforts to stifle any EEC initiative on the Middle East.

It is clear from the text that Holland, Denmark and West Germany were eventually ready to swallow their misgivings and endorse the text, which neither Washington nor Tel Aviv will see as even-handed.

The U.S. has succeeded in averting any EEC moves to table a resolution at the UN by threatening to veto it.

The EEC is in effect telling the U.S. and Israel that even if they succeed present attempts to negotiate an agreement with Egypt on partial autonomy for Palestinians on the West Bank and in Gaza are inadequate.

Growing tensions in the area, say the Nine, "render a comprehensive solution to the Israeli-Arab conflict more necessary and pressing than ever."

Stressing their desire "to work in a more concrete way towards peace" the Nine urge a UN-backed peace settlement, and declare that they are ready to provide troops in support of "a system of concrete and binding international guarantees."

On the face of it the declaration does not substantially change the Community's public position on Palestinian self-determination, nor on involvement of the PLO in peace talks.

But yesterday's text is more critical of Israeli policies than ever before and the specific reference to the PLO is an important step. The timing is crucial in view of U.S. efforts to restart the Camp David dialogue.

The Nine claim for the first time that a comprehensive settlement can be based on two principles, "the right to existence and to security of all the States in the region, including Israel; and justice for all the peoples, which implies the recognition of the legitimate rights of the Palestinian people."

The EEC asserts that these principles aply to all the parties concerned in the problem, "and thus the Palestinian people, and to the PLO."

On West German insistence this statement provides the only link, albeit a weak one, between recognition of Isrfael's right recognition of Israel's right to exist and PLO involvement in peace talks.

The planning of the EEC fact-finding mission has yet to be decided, but it will almost certainly bring EEC representatives into direct contact with Mr. Yasser Arafat and his PLO.

These contacts could well be deepened later in the year through a Ministerial meeting between the EEC and the Arab League in the context of the Euro-Arab dialogue.

The summit issued a declaration which noted with deep concern the Soviet Union's intensification of military operations in Afghanistan, and reasserted the EEC's view that a solution permitting Soviet withdrawal could be found by returning Afghanistan to her traditional neutrality and non-allgment.

David Buchan writes from Washington: Mr. Edmund Muskie, U.S. Secretary of State, said that "nothing on the face" of the European Community's declaration on the Middle East would appear to harm prosjects for the Palestinian autonomy negotiations.

But the U.S. view on whether the carefully-drafted statement by the EEC actually helped the autonomy talks would be largely determined by reaction from Israel, Mr. Muskie made clear.

The U.S. would still not countenance direct participation of the PLO in negotiations until the PLO recognised Israel's right to exist, Mr. Muskie reiterated.

Text of EEC statement, Page 2

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For latest Share Index 'phone 01-246 8026

S. African raid on Angola base 'kills hundreds'

BY QUENTIN PEEL IN JOHANNESBURG

MORE THAN 200 nationalist guerrillas and 16 South African soldiers have been killed in a major South African raid on a guerrilla base in Angola, Mr. P. W. Botha, the South African Prime Minister, announced yesterday.

He said the ground attack was carried out across the border of Namibia (South West Africa) on a new headquarters of the South West African People's Organisation (SWAPO), involved in a protracted guerrilla war against South African forces in the disputed territory.

The South African casualty figure is believed to be the highest to date for a single operation in the border war, but Mr. Botha said that with more than 200 guerrillas killed, and more than 100 tons of *equipment seized, it had been a* successful operation.

Earlier, Radio Luanda reported that three South African Mirage fighter-bombers *had been shot down in a raid* on a Namibian refugee camp. The South African defence force dismissed the claim as "obviously nothing but propaganda."

Mr. Botha said the base had been well prepared and spread over a wide area and the initial attack had lasted six hours. Both black and white South African soldiers were killed

"They made the greatest sacrifice in order to safeguard southern Africa from communism and terrorism," he told the South African Parliament. "We will not tolerate that these terrorists operate from bases outside our borders against innocent civilians whose safety is our responsibility."

Mr. Botha said that some SWAPO bases were operated jointly with Angolan soldiers, who could therefore be killed in similar operations. He insisted that in spite of this, South Afrcia wished to live in peace and harmony with its neighbours.

The latest raid follows a sharp increase in casualties in the *guerrilla war, running at some* eight times the level of last year.

French incomes suffer

BY ROBERT MAUTHNER IN PARIS

LIVING STANDARDS fell in *France in 1979 for the first* time for many years, according to the annual national accounts report published by the National Institute of Statistics (INSEE). *The findings* conflict with claims made by M. Raymond Barre, the Prime Minister, that disposable incomes, including social security benefits, were still rising last year.

The INSEE experts maintain that the fall in purchasing power ranged from 1.3 per cent for a worker with two children *to 2.3 per cent for a similar* senior manager. Bachelor executives' standards of living fell by 2.6 per cent.

The report suggests that French GDP will rise by 2.7 per cent in 1980 and by 2.3 per cent next year, compared with *3.4 per cent in 1979. Consumer* prices are forecast to rise by about 13 per cent at an average annual rate this year, compared with 10.8 per cent in 1979, but inflation should drop back to around 10 per cent in 1981 as the result of the slack economic situation.

Terry Dodsworth adds: The tension between the Government and the radical wing of the French trade union movement increased yesterday when M. Barre threatened sanctions against power workers whose strike drastically cut electricity supplies on Thursday. M. Georgs Seguy, head of the Communist-led CGT union, said it would not be intimidated by threats, and blamed the authorities for aggravating the situation.

Pakistan to receive $980m in aid cash

By David White in Paris

WESTERN donor countries and international agencies yesterday promisd $980m in aid to Pakistan for the 12-month period starting in July, just *short of the $1.05bn the* Pakistani Government was asking for, and more than had been generally expected.

The U.S., after withholding aid because of objections to Pakistan's nuclear policy, pledged $50m, and offered to take part in a rescheduling of the country's foreign debt. In addition, donors promised *almost $100m to assist Afghan* refugees in Pakistan. Of this, $17m is to come from the U.S.

The pledges represent a sharp increase from the previous level of about $700m. By far the largest contribution, $144m, came from Japan.

At a meeting held under the auspices of the World Bank in Paris, donors agreed that economic adjustment required a net increase in aid over the next few years and that they should consider rescheduling Pakistan's foreign debt service *obligations.*

A preliminary meeting has been set for June 30 in Paris to discuss the amount concerned and the modalities of rescheduling. The U.S. indicated it was prepared in principle to take part in a multilateral programme for adjusting the country's official debt "under certain conditions."

The head of the Pakistan delegation, Mr. Aftab Ahmad Khan, secretary of the Government's Economic Affairs Division, said he hoped the *rescheduling question would be* settled in three to four months.

India to meet Iran's urgent food needs

By K. K. Sharma in New Delhi

THE INDIAN government yesterday agreed to ship food and industrial equipment that Iran needs urgently to beat the *U.S. and EEC Sanctions.*

India is also seeking to move into areas left vacant by the U.S. and European countries, especially in setting up industry. Eventually the trade deals could be worth hundreds of millions of dollars.

India will immediately supply rice, wheat and cereals of which it has built 14m tonnes in stocks over the past four years.

The Indian Government is playing down the agreements so as not to offend the U.S. and Europe. But they will clearly enable India to bridge a trade gap which has widened significantly with the rise in imported oil prices.

The two countries have also agreed that Indian companies could be involved in the management of plants in Iran, in setting up industrial estates, in major construction contracts and in improving Iran's cargo shipping capacity and helping the country increase food production.

Iran has also agreed to supply oil to India on long-term contracts.

Andrew Whitley adds from Tehran: Fears of further violence here after Thursday's bloody clashes between rival Muslim groups heightened yesterday when the leader of the mass Friday prayers in Tehran accused the Mujaheddin-e-Khalq radicals of being "counter-revolutionaries."

Two people are now known to have died and some 400 injured during pitched battles between the Mujaheddin and fundamentalist opponents in the course of a large rally by the former guerrilla organisation.

Jurek Martin, U.S. Editor, reports on the volcano that won't lie still

Mount St. Helens blows its stack again

THE QUIET that had descended on Mount St. Helens was indeed deceptive. On Thursday evening, when the gravitational pull of the moon and tides *was at the peak of its* monthly cycle, the rumbling volcano erupted again, not with the force of May 18, but sufficient to send a stream of volcanic ash, steam, and small debris ten miles into the atmosphere.

Carried by unusual wind patterns blowing from the east the major metropolitan area centre of Portland, Oregon, which had only received a light dusting last month, was blanketed by as much as half an inch of ash fall, which quickly turned by rain into mud and slime. Residents in the city were asked to stay indoors and, if they ventured out, to wear masks. A small earthquake and harmonic tremors again rocked the mountain.

The geologists who had warned that the last had not been heard from the volcano were thus proved right. Those who had drawn a connection between the pull of the moon and tides were vindicated and, quite clearly, some reassessment is going to be needed of the human, environmental and economic impact of the great explosion of May 18.

Further legends are about to be added to the lengthening folk lore of tales of what hap*pened* to people and *things* when the mountain blew.

What is already apparent is that the Pacific north-west was extremely fortunate that the *mountain blew out in the direc*tion it did. Major metropolitan areas surrounding Portland, Oregon to the south and Seattle, Washington, to the north-west, were largely spared. Taking the brunt were the lightly populated, timber and agricultural lands of south central Washington, and, as the ash cloud drifted east on the prevailing winds, northern Idaho and Montana.

The State of Washington, the Federal Government and private estimates in the region are putting the damage in the $2.5-2.7bn range. Though it is freely admitted by all that such projections are necessarily rough, the Carter Administra*tion, working* with local Congressmen, is prepared to advance Federal emergency assistance of between $850-900m in the current fiscal year, with more to come later.

But, all that initially appeared lost may not be so. Several hundreds million dollars worth of prime timber seemed *lost by the initial blast,* which laid big trees in symmetrical matchstick-like rows. But a good portion of this may yet be recoverable. Though the housing recession has reduced the demand for construction timber, the pulp and paper market has remained strong. Even if much of the flattened timber cannot be reclaimed for construction, it may yet make good newsprint and paper bags. There is some concern that the volcanic ash, which is extremely abrasive, will blunt chain saws *more rapidly,* thus raising industry costs. But this, like so much else, remains to be seen.

Central Washington's agricultural belt, which got the worst of the ashfall, produces hops, fruit and vegetables, and further east, wheat. It looks as though the wheat fields have not been severely damaged. The big St. Michelle vineyards got away virtually scot free somehow. There is a lot of earnest debate at present over whether or not the ash will turn out to be a potent longer term fertiliser.

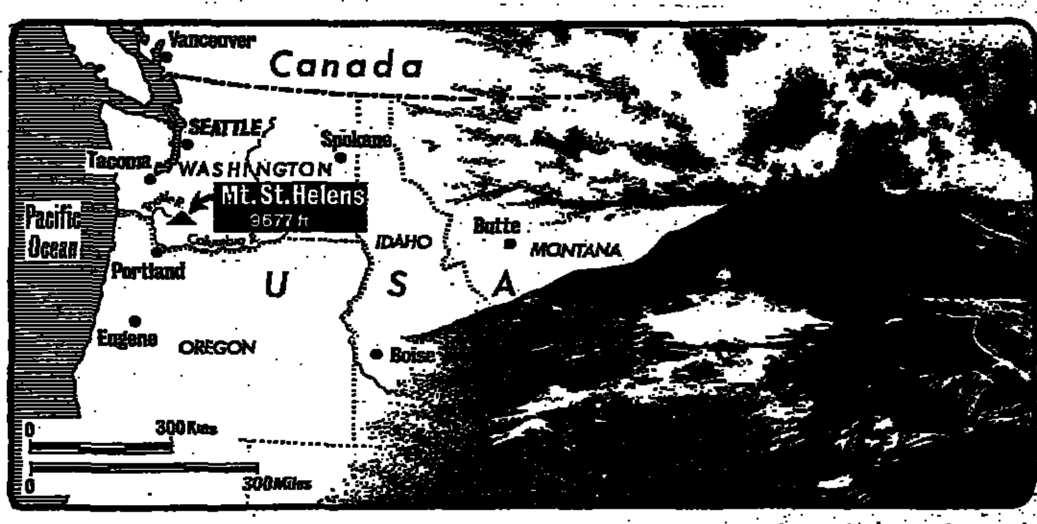
By the same token, the very eruption may yet, over time, increase tourism, another local money earner, to the Mt. St. Helens region. There is already talk both in the Pacific north-west and in Washington, DC, about turning the immediate area into a national monument or park. Local motels are sprouting signs along the lines *of "come and see how we survived the volcano" and* attracting some custom to boot.

Of more potentially serious impact is the damage to waterways. The Toutle river, for example, is to full of silt and debris that it is presently no longer a source of drinking water: several fish forms were obliterated and the celebrated Pacific salmon have lost a *favourite spawning ground.*

The port of Portland, near the mouth of the Columbia river, is struggling. The latest eruption may have compounded its problems. The old navigable canal was 600 ft wide and 40 ft deep: round the clock dredging had by this week restored depth to 33 ft. But the channel was still only 100 ft wide. The attendant drydock, one of the biggest on the west coast, has temporarily been put out of business.

The overall economic picture, *therefore, tends* to be as grey as the volcanic ash itself. Instant benefit has accrued to some entrepreneurs. The manufacturers of car air filters, for example, or of the hospital-like face masks that are much in evidence, or those who believe that volcanic ash makes marvellous pottery glaze. But the cost of repair and maintenance to state and local government has soared astronomically: seventy Washington police patrol cars, a new fleet, ground to a near-instant halt, their *engines totally clogged.*

Ironically in an era when government of all stripes is held in such ill repute all sectors have unhesitatingly turned to the erstwhile favourite whipping boy, the federal bureaucracy for assistance.



PORTLAND, OREGON—Mount St. Helens, 50 miles north-east of here, erupted for the third time in a month on Thoursday night with a blast "like an atomic bomb" heard as far away as British Columbia. So far no lives are reported lost. A column of steam, rock and ash blew almost 10 miles high and for the first time highly-abrasive volcanic "fallout" fell on a major city—Portland—covering everything with a quarter-inch layer of ash. The city's 750,000 people have been urged to stay indoors or, if they must venture into streets made dangerously slippery by rain, to wear surgical masks. Clean-up costs could be enormous and damage to cars and sensitive equipment tremendous.

U.S. textile union wins court recognition bid

BY IAN HARGREAVES IN NEW YORK

A POSSIBLY decisive ruling in favour of trade union rights in the U.S. has been made by a *Federal Appeals Court in the* longest-running cause celebre battle between the Clothing Workers Union and J. P. Stevens, a large textile firm.

Although the court's ruling is one of dozens to have littered the 20-year battle between the company and the clothing workers, it was made amid indi*cations that Stevens has started* seriously to bargain with the Amalgamated Clothing and Textile Workers Union about negotiating rights at some of its *plants.*

The court ruling, which told Stevens to obey a 1978 National Labour Relations Board order to bargain in good faith with the union, is also the most senior court decision to go against the company.

The Stevens versus the clothing workers issue has for long been considered by the U.S. Labour movement a critical struggle in attempts to unionise the southern States, where in *many cases* trade unions represent fewer than 10 per cent of total State workforces.

Mr. Whitney Stevens, chairman of Stevens, which has its headquarters in New York, but whose 80 or so plants are mainly located in the south, told the company's annual meeting in March that talks with the union had taken place.

He asserted Stevens's intention to resist the union "by every legal and proper means," but it is thought that the company may be ready to grant the union its first bargaining rights for at least some of the 6,000 workers (15 per cent of the Stevens manual workforce) which the union now claims to have the right to represent

The fight betwen the company and the unions has led to a boycott of all Stevens products

Fish war looms between U.S. and Canada

By Victor Mackie in Ottawa

CANADIAN and U.S. authorities fear the possible renewal of a full-scale fish war between the two countries following Canada's expansion of its fishing quotas. The U.S. *State Department* was informed on Thursday of Canada's intention to increase its ground fish catch limits on George's Bank.

The Americans were well aware of Canada's frustration over the Senate's delay in ratifying agreements allocating fishing rights. Efforts were being made yesterday to find a compromise that would be acceptable both to the Senate and to the Canadians. Mr. Mark MacGuigan, the *Canadian External Affairs* Minister, said that Canada has no intention of renegotiating the agreements signed by both Governments 14 months ago.

Ford to spend $365m on Mexican engine plant

BY OUR NEW YORK STAFF

FORD is to spend $365m on building an engine plant in Mexico in spite of criticism from its trade unions that it should be investing at home at a time of near record motor industrial unemployment.

The second largest U.S. motor company, which is *struggling* on several fronts at present, also learned that its top motor production executive, Mr. Marvin Runyon, is resigning, amid rumours that he has been hired by Nissan of Japan to spearhead that company's plans to build trucks in the U.S.

The Mexican plant will be *Ford's fourth unit in that coun*try and will supply four cylinder engines for Ford's smaller cars in North and Central America from 1984.

Ford *says it* needs to build the plant in Mexico in order to increase its penetration of the growing Mexican market, and that although it will be providing 1,000 jobs in Mexico, exports from the U.S. of other components will create 800 jobs in the U.S. also.

Ford needs to build up its supplies of four cylinder engines rapidly to meet growing demand for smaller vehicles.

The departure of Mr. Runyon, at the age of 55, is surrounded with some *mystery.* There are strong rumours in Detroit that he intends to take over as head of Nissan in the U.S. before *that* company *announces* the location of its planned trucks production facility. There is also speculation that having hired a man of Mr. Runyon's rank, Nissan *may be thinking of something* more than building trucks.

One piece of better news for Ford yesterday came in the release of figures for car sales in the first 10 days of June. Ford's sales, which were running more than 40 per cent lower in May, were down only 19 per cent in early June compared with the same period last year.

Summit security stir on Venetian canals

BY RUPERT CORNWELL IN ROME

MERCIFULLY there are some *things in life that even a* French President cannot upstage. One of them is the city of Venice. The ritual comings and goings of M. Giscard d'Estaing and the other eight EEC Heads of Government, the lavish Italian security spectacle and the agitation of the 850 journalists in attendance have dwindled into comparative anonymity against the backcloth of the world's most theatrical and improbable city.

A sterner test will come in eight days' time, when the summit of the world's seven leading industrial nations provides part two of Venice's return to the centre of the international stage after many centuries of absence.

But one expects, and anyway piously hopes, that even the arrival of President Carter, half the CIA and the White House Press Corps will meet the same *humbling fate experienced by* their European counterparts this week.

> **❛ The White House has grudgingly accepted that the traditional Presidential motorcade is not on in Venice. But the U.S. security apparatus has been treating this meeting as a dry run for the Commander in Chief's descent on the lagoon next week. ❜**

The White House, it is reliably reported here, has grudgingly accepted that the traditional Presidential motorcade is not on in Venice, for all the wizardries of American technology. Nonetheless the U.S. security apparatus has been treating this week's goings on as a dry run for the commander-in-chief's descent on the lagoon next week.

Already what is termed a "support vessel," bristling with ultra-modern communications is in place in the Adriatic beyond the Lido island, and a dozen U.S. Navy launches add to the congestion of Venice's canals.

M. Giscard d'Estaing, of course, will do his best to complicate proceedings. After consenting to share the Villa Cipriani Hotel on the Giudecca with Mrs. Thatcher for this *week's summit, he is retreating* to the island of Torcello, lost in the Lagoon's summer haze five miles to the North for the second one.

This means that he, alone of the heads of state, will be ferried in by helicopter, in contrast to the modest launches used by the others.

But if this week is anything to go by, life in Venice will go on pretty much as usual. True, the hoteliers are grumbling about having their bookings in *the high summer season thrown into partial chaos:* "why on earth couldn't this jamboree have been held in winter when we're half empty,'" one said.

The security is in the best Italian tradition: rather less than meets the eye. Police and soldiers with rifles primed are everywhere. At a conservative estimate at least five of Italy's various security forces are on manouvres. Red-suited frogmen make a display of searching every morning for mines off the island of San Giorgi Maggiore where the deliberations are tak*ing place. The St. Marks pigeons* are having a hard time of it with all the helicopters over head.

These may be the most important international talks held in the city for 800 years —since Doge Sebastiano Ziani negotiated the settlement between Frederick Barbarossa and Pope Alexander III (a mediaeval equivalent of the British budget row) — but Venice is reacting very calmly. "After all, when we've had 300,000 people here for a single day to see the regatta, a couple of thousand journalists and officials are not going to cause much bother," said a city official.

The biggest summit stir has been aroused by Mrs. Thatcher, who as a woman Prime Minister has a profoundly disconcerting effect on the partly matriarchal *society of Italy. The "Doghessa"* is the latest of the many epithets she has earned in Italy. But even the female Doge travels by launch like any other day tripper.

In a more subtle fashion the presence of the mighty this month has rekindled the argument about the future of Venice, the city which lost an empire and has not truly found a role. The ease with which she has moved to the centre of the world stage this month can only encourage those who want Venice to become an international city concentrating on *the arts and events like those* now taking place.

Others feel that the first priority should go to the ordinary Venetians to make their *crumbling* homes habitable, to halt the exodus to the main land and to protect the fragile, ever-threatened natural balance of the lagoon city.

Certainly the two summits will help psychologically, bolstering the self-confidence of a city which geography and politics have thrust off the main track onto the north eastern periphery of modern Italy.

Obviously the city is not going to disappear into the lagoon tomorrow, but the water lapping a few centimetres below the edge of St. Marks Square is a reminder that the problem of the Adriatic spilling over into the lowest lying areas of the city 30 *times a year, has not* been solved.

Text of the EEC declaration on the Middle East

THE European Council issued a declaration on the Middle East in Venice yesterday. The following is a shortened *version.*

❛ The nine member states of the EEC consider that the traditional ties which link Europe to the Middle East oblige them to play a special role and work in a more concrete way towards peace. The nine countries base themselves on Security Council resolutions 242 and 338, as well as on the speech made on their behalf by the Irish Foreign Minister on September 25, 1979 at the 34th UN General Assembly.

The time has come to promote the implementation of the two principles universally accepted by the international community: the right to existence and to security of all the states in the region, including Israel, and justice for all the peoples, which implies recognition of the legitimate rights of the Palestinian people. All the countries in the area are entitled to live in peace within secure recognised and guaranteed borders. The Nine declare that they are prepared to participate within the framework of a comprehensive settlement in a system of concrete and binding international guarantees.

A just solution must finally be found to the Palestinian problem, which is not simply one of *refugees.* The Palestinian people, which is conscious of existing as such, must be placed in a position, by an appropriate process defined within the framework of the comprehensive settlement to exercise fully its right to self-determination.

The achievement of these objectives requires the involvement of all the parties concerned in the peace settlement, which the Nine are endeavouring to promote in keeping with the principles above. These apply to all the parties concerned, and thus the Palestinian people and the PLO, which will have to be associated with the negotiations.

The Nine stress that they will not accept any unilateral initiative designed to change the status of Jerusalem. They stress the need for Israel to put an end to the territorial occupation which it has maintained since the conflict of 1967, as it has done for part of Sinai. The Nine consider that the Israeli settlements constitute a serious obstacle to the peace process and are illegal under international law.

The Nine have decided to make the necessary contacts with all the parties concerned. The objective of these contacts would be to ascertain the position of the various parties with respect to the principles set out in this declaration and in the light of the results of this consultation process to determine the form which such an initiative on their part could take. ❜

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UK NEWS

Sharper decline in truck market

BY JOHN GRIFFITHS

THE DOWNTURN in the UK commercial vehicle market, which first appeared in April, is accelerating.

Registrations of commercial vehicles in May were 18.44 per cent lower compared with the previous May, according to figures produced by the Society of Motor Manufacturers and Traders.

May registrations, at 24,444, were 5,528 lower than in the 1979 month, although May 1979 achieved the second highest monthly sales ever. The record, of 37,655, was set in March, 1973.

Sales in the first five months of this year, at 126,683, were 1.36 per cent down on last year. Until the end of April, sales overall had been running slightly higher than last year.

The slowly rising imports trend was reversed slightly in May, falling to 23.93 per cent compared with 24.83 per cent in May 1979. For the first five months as a whole, however, they rose to 23.96 er cent against 22.14 per cent for the same period last year.

Car-derived vans and light purpose-built trucks, always the first to feel a decline in economic activity, fell most sharply. Car-derived van registrations dropped to 6,568 from 8,705 in May, and to 36,112 from 41,860 over the first five months.

Purpose-built light trucks dropped to 10,778 from 12,944 in May, although sales for the first five months are still hhowing a net gain at 54,889, against 50,160 in the 1979 period.

The decline in sales of trucks and articulated vehicles over 3.5 tonnes is also sharper after a buoyant first-quarter. May sales were 6,175, down from 7,402. They fell to 30,961 for hte first five months, against 32,118 for the same period last year.

Leyland Vehicles has yet to benefit from its new T45 heavy trucks, production of which is still building. Its sales in May, at 1,018, were considerably lower than the 1,324 of May last year. Ford, which had been gaining ground in the heavy truck market after last year's supply shortages, also slipped back, to 1,457 in May against 1,523 last year.

Funds still too low for home loans

BY MICHAEL CASSELL

BUILDING SOCIETIES are still failing to attract enough funds to meet mortgage demand, despite some reduction in the level of home-loan applications.

Figures published yesterday by the Building Societies Association show that net receipts in May reached only £225m against £266m in the previous month. The declining inflow reflects the seasonal tendency toward higher withdrawals to finance holidays. Receipts this month are likely to fall even further.

In the first five months of this year the societies took £1.12bn in net receipts against £1.42bn in the same period last year.

But in spite of the societies' recent difficulties in attracting funds their lending performance has been maintained at high levels. Last month they ad*vanced £700m to home-buyers,* against £676m in April, and in the first five months of 1980 £3.36bn against £3.44bn in the same period last year.

House price inflation has meant that the funds advanced have gone toward fewer house purchases.

It seems likely that total *home loans this year will not* exceed 650,000, aginst 715,000 in 1979.

In May the societies promised a further £774m to mortgage applicants, against £756m in April. In that month a year ago the societies promised £795m to borrowers. Both actual advances and commitments to lend will probably remain at a high level in June.

Commenting on the latest figures, Mr. Norman Griggs, secretary-general of the Building Socities Association, said: "The level of cash from in*vestors is still well below the* amount needed to meet the reasonable demands of home-buyers.

"Interest credited to investors' accounts is currently averaging £255m a month, which is proving extremely helpful in the present situation.

"Societies are perhaps doing better than might have been expected in the present adverse financial climate, but their fortunes are unlikely to improve until the high level of interest rates in the economy starts to decline."

Shortfall in jobs likely at Ford's Bridgend plant

BY ROBIN REEVES, WELSH CORRESPONDENT

FORD MOTOR may need 700 fewer workers than planned at its new engine plant at Bridgend, South Wales, the company said yesterday.

The £180m project, announced three years ago, was to employ 2,500 workers on reaching full *production this autumn.* However, the company said recruitment was likely to be frozen when it reached 1,800 at the end of the year.

Any further increase would depend on how European demand developed for the new Escort range. The range is to be powered by engines from Bridgend.

The shortfall in jobs is *particularly unwelcome in view* of the heavy job losses the area is suffering in the steel industry.

ITV cuts Games coverage

BY ARTHUR SANDLES

ITV is cutting its Moscow Olympic Games coverage by as much as — if not more than — the BBC.

ITV plans to show some material in peak viewing time —unlike the BBC. ITV will devote up to an hour a night, *between 7 and 10 pm, on five* or six nights, to the events.

BBC plans gave ITV a tricky decision. It could either duplicate the BBC late evening Games programme; it could schedule its coverage even later, say at 11.30 pm; or it could move the programme forward into the politically-sensitive peak hours.

However, in three ways ITV has demonstrated its concern. It is reducing coverage from 170 hours to about 40; it is moving editorial control from the proposed Moscow Olympic desk to London; and a series of programmes for the Games weeks, which do not show Russia in the best of lights is scheduled.

The programmes in ITV's new summer schedule, include a documentary on an Afghan minority group driven from their homes by Russian invaders. There is to be a reconstruction of the Russian intervention in Czechoslovakia in 1968 and a fictional drama about a Russian spy who defects.

Greek potato ban relaxed

BY RICHARD MOONEY

GREECE has persuaded Britain to relax the ban on its potatoes subject to volume and price guarantees.

The Government said on Monday it had banned potatoes from Greece and Spain because heavy producer subsidies allowed them to undercut domestic prices.

But the Agriculture Ministry said yesterday that Greek negotiators had agreed to limit shipments this season to 13,000 tonnes at prices which did not disrupt the market. Last year Greece sent 14,000 tonnes of potatoes.

The ban on Spanish potatoes will remain until the subsidy is removed, the Ministry said. Spain has already exported 32,000 tonnes of potatoes, compared with 25,000 tonnes last year.

Stonehouse discharged from bankruptcy

By Raymond Hughes, Law Courts Correspondent

MR. JOHN STONEHOUSE, the former Labour MP, was *yesterday granted discharge* from a criminal bankruptcy order made in 1976 after his conviction on deception charges. The order was suspended and will not take effect for nine months.

Granting the discharge, Mr. Registrar Parbury said in the London Bankruptcy Court that it was quite clear that Mr. Stonehouse would be very unlikely to find anyone who might set him up in business again.

His physical condition would preclude him from carrying on a business which might be to the detriment of the commercial public or result in a replica of the *events of 1973-74, which led* to the bankruptcy and to Mr. Stonehouse being sentenced to seven years in jail.

Mr. Stonehouse was "a broken man," said the Registrar. He had undergone considerable punishment and had *been put under considerable* stress. Release from the "cloud" of bankruptcy might at least improve his health.

There was no possibility of Mr. Stonehouse being able to make any monetary payment to his creditors, said the Registrar.

The court has been told by Mr. John O'Reilly, the Official Receiver, that Mr. Stone*house's total liabilities were* shown in his statement of affairs as £816,006. So far, creditors for £521,335 had put in claims.

Mr. Stonehouse had valued his assets at £137,185. They *included £115,000 in Swit*zerland in respect of which certain of Mr. Stonehouse's creditors, mainly banks, had taken proceedings under Swiss law which had resulted in the funds being distributed to those creditors. They were therefore not recoverable for the general body of creditors.

Only assets worth £1,993 had been realised.

Mr. Stonehouse, who has been voluntarily assisting a charitable organisation in East London since his release from prison last August, said his present income was £58 a week.

Cutler tells LT to publish criticisms

THE LONDON Transport Executive now has "no choice" but to publish a confidential report on its organisation and management, Mr. Ralph Bennett, the chairman, has been told in a strongly worded letter sent yesterday afternoon by Sir Horace Cutler, leader of the Greater London Council.

The report, by PA Management Consultants, was commissioned by the Executive in October to get independent advice about reorganising the management.

London Transport wanted to find out if the traditional role of the Executive—which had *remained unchanged until two* years ago since London Transport's formation in 1933—was still appropriate as LT faced mounting losses of passengers and mounting deficits.

The full PA report was studied by the executive a month ago. But Mr. Bennett has refused all pleas from Sir Horace, who leads the council, to publish the findings of the consultants. Last year the GLC gave more than £110m in aid to London Transport.

Mr. Bennett said last month that the PA report was private. It was only one of several reports from consultants about the management and structure of London Transport which he had commissioned.

Sir Horace believes that London Transport's falling passenger numbers, falling standards on parts of its network and its failure to agree with the unions on raising productivity all point to the need for full and open discussion of the difficulties. This includes as a matter of priority, publication of the PA report, "warts and all."

The changes could not be effected until London Transport formally submitted its plan to increase railmen's wages by 20 per cent.

The pay deal must be "through the council by July 8," Sir Horace said. This is the last full meeting of the council before the summer recess.

Williams warning against 'unrealistic' manifesto

BY PHILIP RAWSTORNE, LOBBY CORRESPONDENT

CONTROL OF Labour's manifesto by the left-dominated national executive would be "a recipe for utter disillustion," Mrs. Shirley Williams said last night.

Speaking in Stockton on the *eve of the Labour Commission* of Inquiry's meeting to draft itts report on possible changes to the party's constitution, Mrs. Williams said it would be "wholly unrealistic for the NEC to impose a manifesto on Labour MPs."

"We dare not run the risk of pledging ourselves to policies we cannot carry out nor to proposals that are mutually incompatible," she said.

Mrs. Williams, reaffirming her determination to "fight her corner" within the party, said those without the responsibility of governing often jibbed at difficult choices.

The NEC was doing so now by committing the party to policy statements to curb inflation and restore full employment while avoiding any mention of incomes policy.

There had to be consultations between those who represented the party and the MPs who represented the people, she said. "*But the representatives of the* people must have the final word."

Mr. Ron Haywood, Labour's general secretary, said last night he shared the concern about activities of Labour splinter groups which was expressed by Mr. Roy Mason, the former Defence Secretary.

Mr. Haywood said the Commission of Inquiry's recommendations would be based on the interests of the whole party and the country and not on those of any individual or party group.

Left-wing influence over Labour's defence policy was attacked last night by Mr. Francis Pym, the Defence Secretary.

Mr. Callaghan was guilty of tacit acquiescence in the policy of "peace through surrender," he said at Bexhill.

"The Russians will have got the message—so much the British electorate."

No Wilson delay

PUBLICATION of the Wilson Committee report on financial institutions, due on June 25, is unlikely to be delayed because of the ilness of Sir Harold Wilson, the chairman, *the committee said.*

Foreign investment in Wales still strong

OVERSEAS INVESTMENT in Wales has continued "at an encouraging level," despite the slowing in economic activity, Mr. D. G. Badham, outgoing chairman of the Development Corporaiton for Wales, said at its annual meeting in Cardiff yesterday.

Mr. Badham disclosed that the corporation, Wales' overseas in*dustrial promotion arm,* was in discussion with 20 American and eight German companies interested in branches in Britain.

Sir Idwal Pugh, former Ombudsman, chairman of Chartered Trust, was elected to succeed Mr. Badham.

Plastics warning

PLASTICS companies are likely to have a "tough" time in the next six months, says a survey by the British Plastics Federation. More than 50 per cent of 149 companies covered by the survey had static or falling order books for the period. It adds: "Many respondents to this survey may have been unduly optimistic."

Switchgear jobs go

J. A. CRABTREE, the West Midlands electrical switchgear manufacturer, is to axe 238 jobs, nearly a tenth of its work force, because of falling home and overseas orders. Plants affected are at Wolverhampton, Walsall and Brownhills.

FT film award

A GOVERNMENT film made for the Foreign and Comonwealth Office won this year's Financial Times Export Award at the 1980 British Sponsored Film Festival. It is a Central Office of Information production about new technologies for seeing inside the human body.

Brewery troubles

SCOTTISH AND NEWCASTLE Breweries dismissed 31 public house managers "subject to appeal," mostly in the Gateshead area, for aleged stocktaking irregularities. All, it said, had appealed. A work-to-rule by pub managers in the area was lifted after talks between the National Association of Licensed House Managers and the brewsr. Police were said to *be investigating.*

UK NEWS

LABOUR NEWS

Last chance for Heseltine over town hall spending

THE THREAT of a three- to six-month moratorium on new building — schools, houses, old people's homes and roads is the strongest Government attempt to bring local authority spending into line this year.

It is a clear warning from the Treasury to Mr. Michael Heseltine, Environment Secretary, that this is his last chance to win local authority co-operation in cutting expenditure substantially.

Otherwise the Treasury, backed by Mrs. Thatcher, will move in. It is understood to have already prepared a list of possible sanctions.

Capital projects, particularly schools and hospitals, are often built in phases, so the moratorium would affect not only buildings planned but not started.

If each phase were the subject of separate contracts, the next would be unable to start once the current one was finished.

The idea of the moratorium is a response by the Treasury and Sir Geoffrey Howe, the Chancellor, to Cabinet dissatisfaction with Mr. Heseltine's handling of local government.

His reaction to revenue overspending was to propose a mild circular, asking authorities to re-examine their budgets and refile them by July, pruned where possible.

There must be a chance that some authorities will take the opportunity to refile an increased and more realistic allowance for inflation, rather than to cut.

The circular was held up because Mrs. Thatcher, in particular, regards it as far from strong enough. A revised, stronger circular is now on its way to local authorities.

But there is considerable doubt about whether a moratorium would be enacted. If it were, the consequences would be enormous.

The Royal Institute of British Architects said it would damage the construction industry and, long-term, the economy.

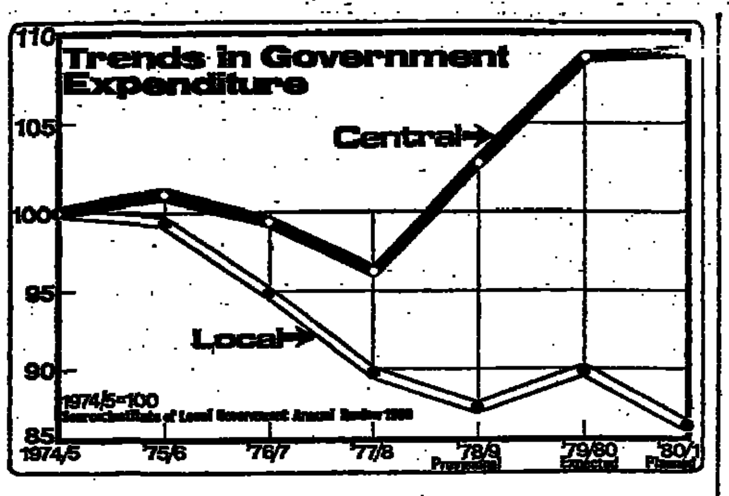
"It seems that the Government is thinking of using a long-term investment industry as a short-term economic regulator to meet its target for a cut in public spending. But it is an illusion to think that forcing idleness on to productive resources is a sensible way of managing the economy."

Local authority capital expenditure was £1.058bn in the first quarter of 1979, £726m in the second, £972m in the third and £975m in the fourth. Provisional figures for the first quarter of 1980 suggest the amount will be £1.1bn to £1.2bn, not out of line because this quarter always carries the main load.

The figure covers capital projects and includes VAT, but excludes sales of assets. A hold-back on this implies houses, schools and roads not being started.

There was a moratorium in 1976, when the International Monetary Fund was forcing stringent financial regimes on Britain.

Its effectiveness has been questioned by local authorities.



spending by 5.6 per cent, or £734m, on the year. That is far more than usual.

As local authorities overspent by £554m last year, the Government fear is that they will do so again this year unless something is done.

It wants to contain local authority spending to make room for the planned increases in its own spending.

The 1980-81 White Paper on public expenditure shows that local authority spending is expected to be 14 per cent less than in 1974-75 at 1979 survey prices, but Government spending will be 8 per cent higher.

The threat of a moratorium on construction starts is a warning to the Environment Secretary, Robin Pauley reports. If he fails to win local authority co-operation in reducing expenditure, the Treasury—backed by Mrs. Thatcher—will move in.

They felt it disrupted long-term capital planning, simply making capital projects more expensive to fund later.

A capital moratorium does, however, effectively reduce substantially local authority borrowing within the financial year, making its mark on the public sector borrowing requirement.

The basic problem is that current expenditure is already seriously out of line with local authority budgets for 1980-81, mainly because they are not cutting manpower. But Government only has strong controls over local authority capital spending.

Treasury thinking is that dramatic action on capital is all that can be done to show Government anger and reduce public sector spending levels overall.

The 1980-81 budgets are being overspent by about £500m, or 3.7 per cent. This is within normal limits of overspending for this time in a financial year. It is usually absorbed by the end of the year.

The worry is that this figure takes current expenditure, together with revenue contributions to capital. Excluding revenue contributions to capital, current expenditure is over-

Local authorities have found themselves in difficulties over expenditure for several reasons:

- The 1980-81 rate support grant settlement was a reduction in allocation in real terms.
- Local authorities, following the Government's rate support grant assumption, have under-budgeted for inflation and comparability settlements.
- Local councils have consistently failed to reduce manpower. This takes 70 per cent of local authority gross current expenditure.
- Local government has had to make a sharp turnround in expenditure planning since the change of Government last year. Its 1980-81 expenditure is 5 per cent less than the Labour Government planned for this year.

Next year, when the Local Government Planning and Land Bill is in force the Government hopes to have greater control of both revenue and capital expenditure.

The existing system of loan sanction to control capital expenditure, which gives considerable central control, will be replaced by controls on all capital expenditure. This brings within Government control capital expenditure financed through revenue or sale of assets.

On current expenditure, the plan is that the ne wblock grant system will allow the Government to state how much an authority should spend varying the amount of grant according to how much it spends and how much the Government thinks it ought to spend. This theoretically allows over-spending to be penalised. It gives the Government an influence on revenue expenditure for the first time.

Andrew Taylor writes: Since 1975-76 capital spending on construction, at constant prices, has fallen from £8.9bn to a target figure of £6.53bn for the current financial year—a fall of 27 per cent.

The 1980-81 target figure, contained in the March expenditure White Paper, represents a further 3 per cent decline in public sector spending at a time when the private sector is also suffering from an increasingly stringent economic climate.

Public sector work is by far the worst affected area of construction. Figures published this week by the Department of the Environment show an 8 per cent fall in new public housing output and a 2 per cent decline in other public work during the first quarter of 1980, compared with the same period a year ago.

The effect of cutbacks since 1973 has left the civil engineering industry operatig at around half its potential capacity.

According to Department of Trade figures construction companies accounted for around 800 of last year's 3,214 bankruptcies.

Out of 4,537 company liquidations construction firms, easily the largest sector, accounted for 789 liquidations.

The impact of further spending cuts, also in the March White paper, will be to reduce the proportion of capital spending on construction of total public spending from 14 per cent in 1973-74 to just over nine per cent

Observer in print agreement

By John Lloyd, Labour Correspondent

AGREEMENT in principle has been reached between The Observer and the National Graphical Association, the print craftsmen's union, which will enable the newspaper to adopt new technology.

Mr. George Jerrom, union organiser responsible for national newspapers, said last night that talks would continue next week, but only to deal with minor matters.

Talks yesterday made good progress on agreeing methods of work in the machine room and agreement in principle has been reached on hours, wages and holidays.

Earlier this week, the two sides agreed the basis for introducing photocomposition.

The Observer will be able to print a 64-page newspaper using part hot metal, part photocomposition, while changing completely to new technology, and continue to print 64 pages thereafter.

Mr. Jerrom hoped an extension would be possible of the July 1 deadline set by The Observer's owners, the U.S. company Atlantic Richfield, for a working agreement to be reached.

IPC cuts its pay offer to journalists

By Our Labour Correspondent

JOURNALISTS at the International Publishing Corporation received a pay offer yesterday lower than that offered by the company when pay talks broke down nearly four weeks ago.

At an all-day meeting described by the management as "disappointing," the company said that the previous offer of 18.5 per cent to the 1,400 journalists was linked to a deal on back pay, since superseded. The journalists reduced their claim from 28 to 26 per cent this week.

The National Union of Journalists group chapel, covering members in the magazine, business Press and book-publishing departments, said last night that it sought a revised offer before Wednesday.

The employers said that the NUJ claim would mean an increase of between 30 and 35 per cent.

A revised offer might be made next week.

Gormley puts pit closure peace plan

BY ROBIN REEVES, WELSH CORRESPONDENT

A PEACE FORMULA aimed at defusing the row between the National Coal Board and Welsh miners over closure of Tymawr Lewis Merthyr colliery was put forward by Mr. Joe Gormley, National Union of Mineworkers president, in South Wales yesterday.

Mr. Gormley's proposal is that the pit be examined by two arbitrating mining engineers representing each side to see if it can be made viable.

Meanwhile, he would urge South Wales miners' leaders to suspend their protest boycott of the NCB joint review machinery.

The NCB indicated immediately that it would be prepared to go along with the formula. Mr. Emlyn Williams, the South Wales miners' president, said it would be discussed by his area executive committee next week.

Welsh miners' leaders believe this is only the first of several pit closures threatened by the steel industry cuts.

Mr. Gormley said he was "very suspicious" of the NCB's decision to improve miners' redundancy payments.

It was "very foolish" of the Government to expect the NCB to move from a balance-sheet loss of £350m now to profitability in three to four years, particularly given the energy crisis and the growing importance of the coal reserves.

Progress made in Grain talks

BY JOHN LLOYD, LABOUR CORRESPONDENT

TALKS OVER the inter-union dispute at the Isle of Grain failed to produce agreement at the Central Electricity Generating Board yesterday.

But the strike of insulation engineers, or laggers, on CEGB sites and power stations threatened by the General and Municipal Workers' Union from Monday has been called off for a week in the attempt to find a solution.

The talks with senior officials at the board's London head office were attended by Mr. Len Murray, TUC general secretary, and Mr. David Basnett, GMWU general secretary, and lasted about two hours.

Both sides have remained silent on the issue for the past week, but progress has clearly been made. It appears that the focus of the dispute has shifted from an inter-union wrangle to one between unions on one hand and the CEGB and main contractors on the other.

A TUC proposal produced this week is thought to accept that all skilled workers, including the laggers, receive a maximum hourly rate of £4.60—previously a big point of conflict betweeen the GMWU, which organises the laggers, and the other craft unions. It is thought to be acceptable to the CEGB.

A further TUC proposal that thermal insulation contractors return to do the lagging at Grain seems to be rejected by the CEGB and the two chief mechanical contractors responsible for this work: GEC and Babcock Power.

It is thought the TUC is anxious to preserve the traditional division of labour between site contractors to avoid future inter-union struggles. There is an eight-year-old agreement between the insulation contractors and the GMWU.

The TUC has recommended that all sides meet to discuss wages and bonus rates on construction sites.

Vosper yard strike

BY NICK GARNETT, LABOUR STAFF

MOST OF Vosper Thornycroft's 2,800 hourly-paid workers at its Southampton shipyard are on strike over payments to plumbers transferred there recently.

About 130 plumbers stopped work this week because 20 men brought down from Vickers, Barrow-in-Furness, another member of British Shipbuilders, were being paid more.

A further 1,900 workers at Southampton, where three destroyers and three mine counter-measures vessels are being built, struck in sympathy.

Local officials of unions within the Confederation of Shipbuilding and Engineering Unions met the Vosper Thornycroft shop stewards' committee yesterday, then met management.

The Barrow plumbers were transferred under a national agreement to cope with labour shortages. This gives transferred workers at least the minimum basic rate for their grade plus £10 a week, for 12 weeks.

The 20 plumbers are paid above £100 a week, £7 more than the Southampton plumbers.

Vosper Thornycroft said it was abiding by the national agreement which had worked well in the transfer of workers between other shipyards.

Government and TUC in fresh upset

By Pauline Clark, Labour Staff

TUC AND Government relations appeared to worsen yesterday after the Home Office decided against appointing a TUC-nominated representative to the Equal Opportunities Commission.

Government failure to take up the nomination of Ms Terry Marsland, a Communist Party member, is seen by some TUC leaders as attacking TUC democratic rights. Ms Marsland is deputy general secretary of the Tobacco Workers' Union.

The Home Office said yesterday that it had decided not to act further on the appointment at present.

Trade unionists see wide implications in the decision. Some TUC general council members are angry at what they believe is a blanket policy by the Government to weaken TUC influence on tripartite boards of public organisations.

They say Ms. Marsland's political affiliation has not prevented her from becoming a member of the Central Arbitration Committee.

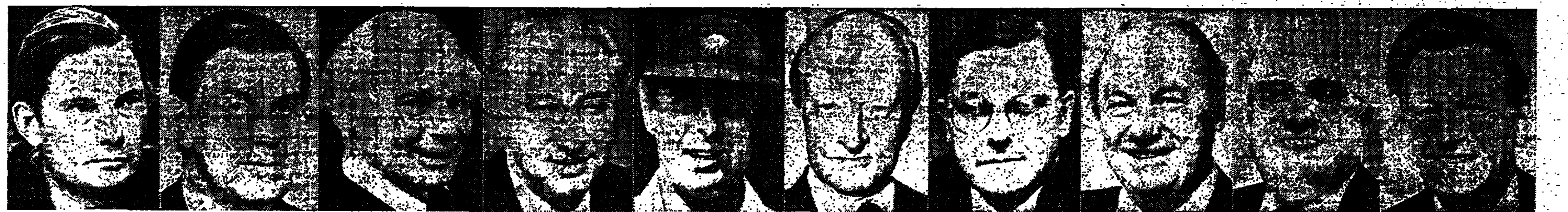
Her nomination to the commission also accords with the desire to see another member of the TUC's women advisory committee in the post.

Civil servants take action

SEVERAL thousand members of the Civil and Public Services Association, the biggest Civil Service union took industrial action, including strikes, yesterday over the dismissal of two members in the unemployment benefit office in Brixton, London.

The union, which is planning further action, said it was pleased with the response, which particularly affected the health, social security and employment services. The Civil Service Department, however, said the work of most Government departments was largely unaffected.

Birthday Honours for business and politics



Paul Channon (PC) — Ia Trethowan (Knight) — Freddie Young (OBE) — Sir Arnold Weinstock (Baron) — Geoffrey Boycott (OBE) — Joseph Braithwaite (Knight) — Godfray Le Quesne (Knight) — Graham Wilkins (Knight) — Sir Frank McFazlean (Baron) — Victor Matthews (Baron)

PERSONALITIES IN commerce, industry, broadcasting and journalism, as well as politics, the arts and sciences are among those recognised in the Queen's Birthday Honours List. People in the Civil Service and local service, and sports men and women also receive awards.

Five Barons are created Life Peers: two Privy Counsellors and one Companion of Honour are appointed: and 32 Knights Batchelor named.

LIFE PEERS

BARONS

Mr. Thomas Boardman, lately president, Association of British Chambers of Commerce; former MP, Leicester South.

Sir Frank McFadzean, chairman, Rolls-Royce; former chairman, Shell Transport and Trading Company.

Sir Frank Marshall, public and political service.

Mr. Victor Matthews, deputy chairman and chief executive, Trafalgar House.

Sir Arnold Weinstock, managing director, General Electric Company.

PRIVY COUNSELLORS

Mr. Paul Channon, Minister of State, Civil Service Department; MP, Southend West.

Sir Antony Duff, Foreign and Commonwealth Office.

COMPANION OF HONOUR

Baron Soames, for public service, particularly in connection with Rhodesia.

KNIGHTS

Mr. Edward Penley Abraham, Professor of Chemical Pathology, Oxford University.

Mr. Edward Anthony John Alment, president, Royal College of Obstetricians and Gynaecologists.

Mr. Joseph Franklin Madders Braithwaite, chairman, Baker Perkins Holdings, for services to export.

Mr. Frederick Frank Arthur Burden, MP, for political and public service.

Mr. Wilfred Burns, chief planner and deputy secretary, Department of the Environment.

Mr. Albert Percy Costain, MP, for political and public service.

Mr. James William Donald Crane, Chief Inspector of Constabulary.

Mr. Philip Manning Dowson, senior partner, Ove Arup Partnership, for services to architecture.

Mr. Hugh Charles Patrick Joseph Fraser, MP, for political and public service.

Mr. Roger Thomas Baldwin Fulford, for political and public service.

Mr. David John Davenport-Handley, for political and public service in the East Midlands.

Professor Alan James Harris, senior partner, Harris and Sutherland, for services to civil engineering.

Mr. Jack William Hughes, chairman, Bracknell Development corporation.

Mr. Albert Lamb, editor, The Sun.

Mr. Robert Leslie Edward Lawrence, chairman, National Freight Corporation.

Mr. John Godfray Le Quesne, chairman, Monopolies and Mergers Commission.

Mr. George Robin Perronet Maclellan, lately chairman, Scottish Tourist Board.

Mr. Peter Meinertzhagen, general manager, Commonwealth Development Corporation.

Mr. John Moores, Littlewoods Organisation, for charitable services.

Mr. Walter Fraser Oakeshott, for services to medieval literature.

Mr. Ronald Hugh Owen, lately chairman, Prudential Assurance Company.

Mr. Austin William Pearce, lately chairman, Esso Petroleum Company.

Mr. Sydney Plaister, for political service in the West Midlands.

Mr. Joseph Albert Pope, for public services in the West Midlands.

Mr. David Ernest Campbell Price, MP, for political and public service.

Major-General Francis Brian Wyldbore-Smith, for political service.

Mr. John Chalmer Stebbings, president of The Law Society.

Professor Michael George Parke Stoker, foreign secretary, The Royal Society, for services to Cancer Research.

Mr. Rawden John Afamado Temple, Chief Social Security Commissioner.

Mr. Ian Trethowan, director-general, British Broadcasting Corporation.

Mr. Graham John Wilkins, chairman and chief executive, Beecham Group, for services to export.

Mr. Angus Wilson, author.

ORDER OF THE BATH

KCB

Major General John Hugh Bevil Acland, Commander of the Commonwealth Monitoring Force in Rhodesia.

Mr. Arthur John Boreham, director, Central Statistical Office, Cabinet Office.

Professor Ronald Mason, chief scientific adviser, Ministry of Defence.

Mr. Kenneth Ronald Stowe, permanent secretary, Northern Ireland Office.

CB

Mr. James F. Boyd, deputy secretary, Board of Inland Revenue.

Mr. Alexander C. L. Brown, chief veterinary officer, Ministry of Agriculture, Fisheries and Food.

Mr. William G. Chalmers, Crown Agent for Scotland.

Mr. Geoffrey F. Cockerill, secretary, University Grants Committee.

Mr. John A. Cradock, principal director, Ministry of Defence.

Mr. Edward N. Eden, under secretary, Department of Trade.

Mr. Graeme F. Glook, solicitor, Board of Customs and Excise.

Mr. Peter J. Harrop, deputy secretary, Cabinet Office.

Mr. John M. Hunter, commissioner for administration and finance, Forestry Commission.

Miss Anne Elisabeth Mueller, deputy secretary, Department of Industry.

Mr. Douglas R. Nicoll, Foreign and Commonwealth Office.

Mr. George M. Parbury, chief registrar of the High Court of Justice in Bankruptcy.

Mr. Michael E. Quinlan, deputy secretary, Ministry of Defence.

Mr. John E. Sanderson, under secretary, Department of Transport.

Mr. John D. Semken, legal adviser, Home Office.

Mr. Percy A. Sythes, comptroller and auditor general, Northern Ireland.

Mr. Robert J. Thornton, under secretary, Ministry of Defence.

Mr. Edward L. Trew, under secretary, Department of Health and Social Security.

ORDER OF ST. MICHAEL AND ST. GEORGE

CMG

Mr. Hugh R. Braden, assistant secretary, Ministry of Defence.

Mr. Michael de Normann Ensor, assistant secretary, Overseas Development Administration.

ORDER OF THE BRITISH EMPIRE

DBE

Baroness Soames, for public service, particularly in connection with Rhodesia.

Mrs. Ann Marcella Springman, for political and public service.

CBE

Mr. D. H. D. Alexander, senior partner, Stephenson and Alexander. For public services in South Wales.

Mr. W. A. Allen, senior partner, Bickerdike Allen Partners.

Transition of Rhodesia to Zimbabwe awards to Lord Soames (Companion of Honour) and Lady Soames (Dame Commander of the British Empire).

Mr. H. G. Simpson, controller of housing, Greater London Council.

Mr. N. B. Smith, director, Imperial Chemical Industries.

Mr. R. C. Smith, chairman, Scottish United Investors

Mr. M. J. Stoakes, vice-chairman, British Poultry Federation.

Mr. M. F. Strachan, chairman, Ben Line Steamers and Ben Line Containers.

Mr. P. A. S. Taylor, lately chief of administration, Bank of England.

Mr. E. Thomas, general manager, Telford New Town Development Corporation.

Mr. J. B. Thompson, director of radio, Independent Broadcasting Authority.

Mr. R. Unger, personnel director, British

OBE

Mr. J. E. Addison, lately works manager, Drungans Works, Plastics Division, Dumfries, Imperial Chemical Industries.

Mr. S. M. M. Ali, diplomatic editor, Reuters.

Mr. H. Allen, chairman and general manager, Yelloway Motor Services.

Mr. W. G. Atkinson, chairman and chief executive, London Bridge Engineering.

Mr. C. G. E. Banks, chairman and chief executive Thomas De La Rue. For services to export.

Mr. R. Bate, a director, Renold.

Mr. G. M. Beddoe, a director, the Halifax Courier.

THE WEEK IN THE MARKETS

Blame the town hall treasurers

LONDON

ONLOOKER

Equities have stayed on the boil throughout the last week, despite a set of banking figures which proved a disappointment to the gilt-edged market. Not even a rights issue of convertible stock by British Home Stores was able to blunt the advance of the equity market, which ended the week — as measured by the FT. 30-Share Index—some 20 points higher.

Gilt-edged had been expecting that the banking figures for the month to mid-May would be no more than moderately encouraging, but a rise in sterling M3 of a full 2 per cent was something of a shock. Bank lending was slightly worse than the market had hoped: the real problem seems to be public-sector spending — the local authorities are being held up as culprits. Nevertheless, some demand from abroad on the back of generally strong sterling helped the Government Broker to sell some of his Treasury 13¼ per cent 1994 stock yesterday morning, and the underlying tone remained quite firm.

Murdoch moves

Despite reservations among the analysts, the proposed reorganisation of News International has been greeted with some enthusiasm in the Stock Market. Shares in Mr. Rupert Murdoch's UK newspaper group, publisher of The Sun and The News of the World, were up to around 190p yesterday, compared with 163p before the announcement and a low point of 133p earlier this year.

Insiders seem to like the deal, too. Mr. Paul Hamlyn, a director of News International, and one of the major independent shareholders, bought 35,000 shares at up to 187p after the announcement.

Under the scheme, there will be a one-for-one scrip issue in News International, taking the effective price down to 95p. Mr. Murdoch's master company, News Corporation of Australia, will then offer to buy up to half the new shares for cash at 100p a time. The remaining shares will have some very unusual features. They will carry virtually no voting rights, so that News Corporation will have 100 per cent control of the UK business. And their dividends will be equivalent to those paid ont by News Corporation, translated into sterling at whatever happens to be the ruling rate of exchange.

Since they are to share in the same dividend stream, the new shares in the UK business will obviously have some relation to the price of the Australian group. And that rose sharply this week, for the very good reason that the deal—assuming it is approved—will have an extremely favourable impact on News Corporation's balance sheet and cash flow. By Thursday, News Corporation was standing at around 138p, compared with 90p for the equivalent News International paper (190p less 100p cash offer).

News Corporation has a progressive dividend record, its payment has doubled in the past couple of years. And most UK shareholders would get a significantly higher income out of holding the new shares in News International than the equivalent equity in the Australian company. This is because the UK dividend is paid net of tax, whereas the payment in Australia is gross.

In addition, the long term outlook for the Australian dollar is favourable. That is obviously an important consideration for UK holders of the new shares.

Against all this, however, is the fact that the new shares have extremely restricted voting powers. This is likely to limit institutional interest, and the marketability of this funny sort of paper is open to question.

Although there may be grumbling, there is little doubt that the transaction will be approved, since anyone who turns it down will simply allow someone else to pick up his share of the cash offer. So a little profit taking might not be amiss at this point. After all, the effective yield on the new shares on the basis of this year's dividend forecast from News Corporation is no more than 7 per cent.

Metal Box

In the two days after Metal Box announced its full-year figures on Wednesday, the share price has shot up by nearly a tenth. The company is the second largest customer of British Steel, and during the strike production was down by half in food cans and two-thirds in beverage cans, so the market was expecting a profits bloodbath.

However, although the company estimated that the strike cost it £13m, pre-tax profits managed to edge ahead by 2¼ per cent to £59.8m. The message is that after standing on a profits plateau for four years, Metal Box now looks set to break through decisively to higher ground.

The key factor is not simply the adding back of the profits lost through the strike. In January the company achieved a major breakthrough by introducing continuous shift working in its Carlisle two-piece canning plant. This means that a £100m investment, which up to now has made a minimal contribution, will start to earn a real return on capital in the current year.

The positive contribution to profitability will far outweigh the adverse impact of the after effects of the strike and the entry of the U.S. Continental Can in to the British beverage market this summer.

Furthermore, things seem to be going well in other parts of the compnay's business, especially in the Stelrad central heating division and in some of the overseas businesses, such as Nigeria, South Africa and Italy. So while manufacturing industry as a whole is bracing itself for a lean year, Metal Box's profits could be up a quarter, barring industrial relations trouble.

Chloride dims

The average life of a motor car battery is not something that keeps many people awake at night. But it is a matter of all-consuming interest to employees and shareholders of the Chloride Group at present. A fall of 12 per cent in automotive battery sales in Europe and the U.S. last year has wreaked havoc in the profit and loss account, led to 700 redundancies and brought a cut of over a third in the dividend payment. The question is whether this represents just a temporary setback in demand, or whether there has been a fundamental change in the market place such as that which has knocked the world's tyre makers for six in recent years.

Chloride says that demand is still falling, but is confident of a recovery sooner or later—maybe early in 1981. It points to a number of special adverse features in the last year. High interest rates have encouraged distributors to empty their warehouses. The harsh winter a year ago pulled sales forward into the previous financial year, while this year's mild season had the opposite effect. And the high cost of motoring has encouraged drivers to get more out of their batteries, by using home chargers and by waiting for the last moment before buying a replacement.

All the same, the group accepts that it has a big strategic problem. Automotive sales in Europe account for two-fifths of total turnover, and the motor business also accounts for a large part of its American activities which represent a fifth of sales. This is a mature market, with growth prospects that are modest at best, and there is too much capacity in Europe. Moreover, debt now represents 78 per cent of shareholders' funds and interest costs are swallowing nearly 40 per cent of operating profits.

Carless rights

If ever there was a time to ask shareholders for a large amount of money, this was it. Carless Capel and Leonard, the petrochemicals and oil exploration group which struck oil just 150 feet from the A32, went to the market last week and asked for £9.5m in rights issue money.

The timing was exquisite. Carless has only recently announced more than doubled pre-tax profits of £6.26m and just a few days ago revealed its plans to install a production unit at Humbly Grove, its onshore field near Basingstoke in Hampshire.

The issue, on a 1-for-4 basis at 100p per share, was pitched at a 24 per cent discount. But as is usual among oil exploration shares, the ex-rights yield of under 3 per cent is unexciting. The Carless share also falls into line with the sector since it carries a high rating, reflecting long term growth hopes.

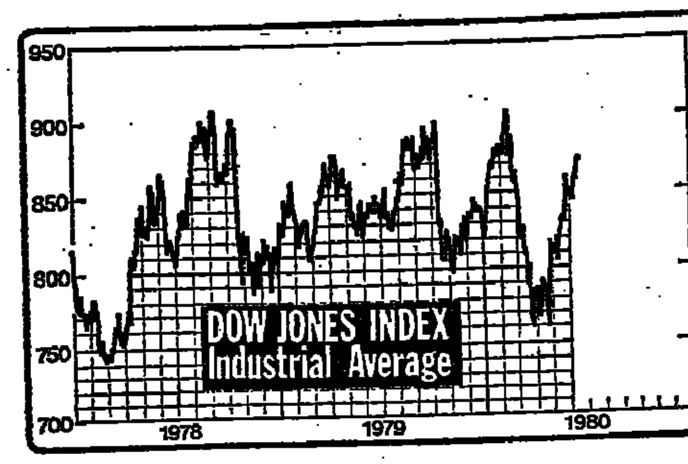
MARKET HIGHLIGHTS OF THE WEEK

	Price Y'day	Change on Week	1980 High	1980 Low	
F.T. Ord Ind. Ord. Index	456.5	+28.0	478.8	406.9	Persistent widespread demand
F.T. Govt. Secs. Index	68.41	+ 0.68	69.26	63.85	Despite disptg. banking figs.
Allied Breweries	85	+ 7½	85½	68	Good annual results
Applied Computer	368	+53	368	230	Good results
Arrow Chemicals	42	−13	116	42	Profit forecast missed
Continuous Stationery	56	+14	58	34	Bumper profits, prop. 100% scrip
Dunlop	76	+10	76	51	Far-Eastern support
Ferranti	550	+45	550	400	Pending sale of NEB stake
Geevor Tin	180	−25	230	153	Profits downturn
ICI	376	+20	402	348	Persistent small buying
Marshall Cavendish	25	+ 8	25	13	Times of Singapore buys 27% int.
Martin (Albert)	38	−11	67	38	Chairman warns of interim loss
Metal Box	300	+38	300	226	Better-than-expected results
Midland Bank	362	+25	383	308	Continuing peak interest rates
Northern Foods	134	+11	134	107	Excellent half-year results
Saatchi & Saatchi	182	+19	183	128	Results/Press comment
Samantha Expln.	148	+42	165	40	Deal with Esso Australia
Samson Expln.	102	+42	102	40	Deal with Esso Australia
600 Group	59	+ 7	67	52	Better-than-expected results
Unicorn Inds.	116	+31	122	78	Bid approach

Still some consolation

NEW YORK

IAN HARGREAVES



WALL STREET continues to laugh to scorn the numerous sceptics who find it impossible to understand how the stock market can continue to build upon the foundations of an unspectacular but steady rally which has now been in progress for more than seven weeks.

Since April 21, when the Dow Jones Industrial Average touched its low point of 760, the blue chip index has put on more than 112 points in a pattern which has involved occasional double digit spurts, leavened with more numerous days when the Index has hardly moved at all.

The events thus have the stamp of a market which knows what it is doing, or at least which thinks it knows. Although trading volume has not been massive—no day in the rally has produced daily trading in excess of 50m shares—it has been solid. It must also be noted that broader-based indices than the Dow, which is arguably over-biased towards the sprightly oils, show an even more positive pattern than the Dow. The New York Stock Exchange's Composite Index of all 1,526 shares listed, for example, this week reached 66.17, only slightly short of its record high of 67.77 established on February 13, when the Dow was perched briefly over the 900 mark. That 900 point, incidentally, was reached after a rally of very different character from the present one: it swept ahead inside four weeks on massive, indeed on several days record trading volume in, as it turned out, an atmosphere of mistaken assumptions about the probable non-appearance of the recession.

That first rally of the year collapsed in the near financial panic of March, when bond prices lurched downwards and the very existence of the long term debt market was, in the opinion of some people, in jeopardy.

The current stock market is clearly in no mood to panic. It has had plenty of opportunity to do just that as evidence has mounted of the gravity of the recession.

The most compelling case for saying that the market is riding for a fall is the argument that investors have not yet taken into account the fact that grave damage which will be done to corporate profits by the recession in the second and third quarters at least and possibly the final quarter as well. This camp gloomily points to the market reaction to announcements like the one from Dow Chemical at the beginning of this week that its second quarter will be 21 per cent lower than the same period of last year. Analysts had already predicted such a weakening of income, but the market still took the shares lower.

But in general terms, the market does not seem to care about the pessimists. One reason is that of the various gloom scenarios, all contain something to console the stock market.

The heavy-recession argument, for example, to which Dr. Henry Kaufman, Salomon Brothers' chief economist, belatedly lent his weight on Thursday, may wreck corporate profits for the best part of a year, but it will also drive interest rates lower in the immediate term and inflation lower in the longer term if the Fed sticks to its anti-inflationary policies. Lower interest rates (which make yields on stocks much more competitive with yields on money market instruments) are the key factor behind the rally in stocks, as was proved on Thursday when a rather negative day was turned around by news of Dr. Kaufman's new forecasts, which call for, among other things, a rate of increase in the Consumer Price Index of only 5 to 6 per cent by late summer and even lower interest rates (a Prime under 10, for example).

The other pessimists' argument was well summarised this week by Mr. Gert von der Linde, Chief Economist at Donaldson, Lufkin and Jenrette. He says that interest rates will start to move up again, probably next week, once corporate America starts to have to pay its record $18bn tax bill, boosting demand for short-term credit from banks and from the commercial paper markets. He expects to see this liquidity crunch followed by the explosion of the myth that Congress has just created a balanced Budget (the Budget's economic assumptions are widely agreed to be those of cloud cuckoo land). A large budget deficit will increase strains in the debt markets as the Treasury will need to borrow more and could also re-stoke the cooling inflationary fires. But the consolation for the stock market in all of this analysis is that it probably means lighter recession.

So, investors in stocks are at liberty, if they choose, and they have chosen, to look on the bright side.

This tendency to focus on the good news aspect of any situation is an important clue to present market psychology and although it could be swept away at any moment, the bright side thinking was also evident in the market's response to the OPEC meeting in Algiers. The market responded by marking up the oil stocks fairly sharply, on the strength of an expectation of higher prices.

Perhaps another instance of the same thing was activity in the motor stocks on Thursday, the day after the market learned that Ford may have to recall 16m vehicles with allegedly faulty transmissions. Ford shares went down $1 to $21, but those of General Motors, Ford's main competitor in the U.S., went up by $2¼ to $48.

Monday	860.67	−0.85
Tuesday	863.99	+3.32
Wednesday	872.70	+8.71
Thursday	872.61	−0.09

FINANCE AND THE FAMILY

A television licence

BY OUR LEGAL STAFF

We borrow a country cottage occasionally from my father. If we take our colour portable TV set, do we need a separate licence? Just who or what is licensed when we buy our licence?

The licence is personal to the licensee who buys it; and it authorises use by the licensee and members of his or her family and domestic staff in residence to use any number of television or wireless sets in the premises shown as the licensee's address, and also to use portable sets powered by batteries (but not on the mains) elsewhere than at those premises. To use a set in the country cottage you must either use a portable set on batteries only, in which case your own licence covers that use; or you would require a separate licence for the cottage address. If your father purchases a licence for the cottage you would be able to use a set on the mains there under his licence. You will find the terms of licensing more fully set out in the licence form which you receive when you buy your ordinary licence.

A substitute for a will

I am domiciled in Spain but have a portfolio held in the Isle of Man. I wish my two sons, both resident in the UK, to inherit my assets on my death.

It seems that any will I propose may lead to international complications and it seems to me much simpler to divide my portfolio into two and give each son "power of attorney" over one half. Would this have the desired result?

We cannot advise you as to the law of jurisdiction other than the UK. The question of your will falls under Spanish law; and of dealing with your portfolio (probably) under Manx law. If Manx law follows English law, what you propose will not achieve your object. You would either have to make a gift to your sons during your lifetime or make a (valid) will, presumably under Spanish law. Transferring the portfolio into the joint names of yourself and your sons might be effective if Manx law enables joint owners to take by survivorship and the shares are located within the jurisdiction of the Isle of Man.

Scholarships to Public Schools

I have been told that companies like Rothschild, who used to offer scholarships to Public Schools to employee's children, now have to open these scholarships to all-comers to obtain charitable status. Is this correct?

If companies offer such scholarships, how could I find out more about them and which companies do offer scholarships to children other than of their employees?

You are right in believing that organisations' scholarship schemes must now, to have the approval of the Tax Authorities, open the scholarships to contenders who are not the children of the organisation's employees.

There is a yearly directory which purports to include such schemes. It is the Directory of Grant-Making Trusts, published by the Charities Aid Foundation. A copy would presumably be available through your local library.

As the information you seek might be difficult to find from the directory, however, you might do well to ask advice from either or both of the following:

The Independent Schools Information Service, 26 Caxton Street, London SW1—telephone 01-222 7353 or 0065;

The Educational Grants Advisory Service, National Council of Social Service, 26 Bedford Square, London WC1—*telephone 01-636 4066.*

A property in Scotland

What is the most appropriate form of ownership arrangement for a Scottish property to be jointly owned by four couples who intend using it, partly as a holiday house and partly for holiday lets? We would like to ensure one couple could, if desired, sell their share at some point in the future, perhaps giving other joint owners first refusal. Should capital gains tax or other tax considerations affect the decision? It is hoped to be able to let commercially for more than 26 weeks each year, but this level may not always be reached.

No legal difficulties should arise in the type of multiple ownership you envisage. The title to the property would be taken by all the couples, each couple taking a pro indiviso share of the whole. This in effect means that each couple could sell their own quarter share independently.

It would also be possible for the couples to enter into a separate Agreement which would bind them to give the others a right of pre-emption of their share should they wish to sell at any stage. This Agreement could also incorporate a valuation clause which provided that the share to be sold would be offered to the other couples at a figure to be fixed by a professional valuer, as such a quarter share would be unlikely to have any open market value.

However, such a sale would attract Capital Gains Tax as it would be a second home for each of the couples. Furthermore we understand it is to be operated commercially for part of the year and this will again involve Income Tax considerations.

Mandating of dividends

Is it possible and permissible for a holder of ordinary shares to arrange for all dividend payments to be made permanently direct to a specified recipient (for his personal benefit) not being the holder of the shares and *so that the payments are only* liable to be included in the recipient's tax return, not in the shareholder's?

While there is no obstacle in law to the mandating of dividends as you suggest, it is unlikely that a public company would be willing to accept a mandate to remit dividends to someone other than the shareholder, and it cannot be compelled to do so. The alternative would be to assign to the donee the income in the designated shareholding during the joint lives of the shareholder and the donee.

Covenant to grandchildren

I wish to make a small regular monthly payment to my married daughter to help her out with the housekeeping. She has two children aged 4 and 4½. I realise that I can *get a tax saving by covenanting* this payment to one of the grandchildren. What I want to know is, what are the practicalities of my grandchild converting the payment under covenant into cash for mum's housekeeping each *month*? Can it be done?

We think that you can achieve what you require by making provision in the deed of covenant that the receipt of the covenantee's parent or guardian shall be a sufficient discharge of the covenantor's obligation for each payment. THhe payments can then be made to the parent for the child. A suitable covenant could be drawn up by a solicitor.

Disposal of a cooker

Last May, 1979, we sold our AGA cooker as seen working to be collected when it was dismantled in three to four weeks' time. We accepted a deposit, the remainder to be paid on collection. After writing three times, we went up to the site of the farm of the purchaser and found that it was abandoned. What steps can we take to remove the cooker, or rather dispose of it?

We think that you can now dispose of the cooker (assuming that the letters you wrote were sent to the correct address). The purchaser could require the deposit to be returned, but he has repudiated the contract and you are entitled to accept the repudiation and sell elsewhere.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Just one risk after another . . .

INSURANCE

JOHN PHILIP

LAST WEEK Eric Short wrote of the risks our children run when playing games at school, and described a new personal accident insurance now being offered to provide compensation far games injuries.

But these accidents do not just happen to children. They happen to all of us who participate in competitive sport, whether as amateurs for pleasure, or as professionals. Moreover, accidents do not only happen on the playing fields or in the sporting arena, they happen on the way to and from fixtures, in changing rooms, in fact everywhere almost all of the time.

Surely if the purchase of personal accident insurance for sporting accidents is warranted, then it should be bought by each of us to cover the widest possible range of eventualities *rather than by the club* secretary to cover a relatively small number of possible events?

Be this as it may, the fact remains that most of us do select facets of our lives where we think we are at greater than average risk—average to ourselves, that is. Else why should most of us want accidental death and injury cover whenever we are going to fly somewhere?

In fact, the risk involved in flying is appreciably less than that incurred in driving down the motorway from London to Devon—but virtually no one making the motorway trip goes out of his way to buy special accident insurance for that kind of journey.

The individual can buy accidental death and injury cover on a 24-hour a day seven days a week basis, and by paying extra premium above his insurers' "book rates" he can also have included cover for a wide range of the more hazardous sports and pastimes, although parachuting, hang gliding and mountaineering still cause many insurers to say "no."

From this maximum, cover can be cut down almost to any size, so that the individual can obtain insurance simply for working accidents or for travel accidents, or even just for motoring accidents. He made his own choice, and pays premium accordingly—the narrower the cover, the less he pays, subject always to insurers' minimum premium rules.

In individual and in group insurances the death/disablement and benefit ratio is usually 10 to one—so that for every £1,000 worth of death cover the policyholder gets £10 a week when he is totally disabled. The basic cost of a policy providing £10,000 death cover, and £100 a week disablement benefit for two years is around £25 a year.

This premium covers accidents at work, while travelling, at home or at play, subject to individuals insurers' particular exclusions—the total premium can well double if many exclusions are bought out.

Insurers provide group cover, not just for employers intent on staff welfare, but for all sorts of groups who have an identifiable common interest. Thus the amateur sports club, whatever its range of activities, can arrange a group accident policy not just for its playing members, referees, umpires and so on, but for its non-playing members as well.

Insurers take account of such factors as the games played, the quality of performance, the extent of travel, the numbers of people involved, their age and sex, in determining premium.

But because the cover is provided for a group of people premium on a per person basis will normally be cheaper than the individual can pay if he or she was to arrange cover separately—the obstacle of insurers' individual minimum premium is avoided.

Take for example, cricket. In spite of the helmets and protective gear of the first class game, insurers reckon cricket to be one of the least dangerous of sports. General Accident provides a cricket club accident insurance for only £16 a year, per team (including umpire and scorer) for any player aged 16 or more: cover includes actual play, and travel to and from games other than by motor cycle.

This premium buys £2,000 death cover, £2,000 for the loss of one or more limbs, loss of sight in one or both eyes and £20 a week for total disablement, excluding the first week of incapacity. Benefits can be raised by 50 per cent for 50 per cent more premium.

Sparkling Boy's day

RACING

DOMINIC WIGAN

PAUL KELLEWAY, whose stable has been having a lean time since early Spring, will be hoping that Lester Piggott can bring him a change of fortune in the £10,000 William Hill Trophy at York this afternoon. Here Piggott—rumoured to have more than a passing interest in the jockeys' championship—rides Sparkling Boy.

A considerably improved sprinter, Sparkling Boy justified good support in Sandown's Esher Place Handicap when beating Over the Rainbow by a length, and then proceeded to follow up in even better style at Kempton on May 31. There, Sparkling Boy — tackling stronger company than in his previous race—came through with a strong burst close home in the Victor Wild Handicap to beat Ferryman, to whom he was conceding 3 lb, by one and a half lengths.

Sparkling Boy, confined to his box for three months last summer after injuring his back, seems sure to make a bold bid for the hat trick. However, an odds of around 2-1 he hardly appeals as tempting value. Two better win and place propositions in my opinion are Shayboob and Optimate.

In command from start to finish when foiling a gamble on Tobermory Boy at Nottingham on April 1, Bill O'Gorman's Shayboob did well to finish fourth behind Ferridy Hall after missing the break in the Johnny Osborne Handicap at Haydock later in the month.

Optimate, a half brother by Great Nephew to Catherine Wheel, has not been seen out since chasing home Chant in the first race of the campaign, the 26-runner French Gate Stakes at Doncaster. However, there is no lack of stable confidence behind the colt.

In a tricky race Optimate looks worth consideration at odds of 14-1 or thereabout.

YORK
1.30—Veeya
2.00—Hide the Key
2.30—Shaftesbury*
3.00—Optimate**
3.30—Prince Roland
4.00—Moore's Miracle
4.30—Mississipi Shuffle

SANDOWN
1.25—Cassina
2.15—Haddfan
2.45—Prince Northfields
3.50—Straits

BATH
2.00—Light Sentence
2.30—Fast Green
3.30—Royal Blood***
5.00—Maryam

UNIT TRUST AND INSURANCE OFFERS

YOUR SAVINGS AND INVESTMENTS

James Makinson looks at the recent modest revival in UK equities

Cynics proved right again

THE LAST few weeks appear to have vindicated the cynic's view of the stock market: that when all the news is bad and pessimism abounds, share prices are bound to rise.

Market sentiment reached its nadir around a fortnight ago when the National Institute Economic Review forecast that the real profits of UK industrial and commercial companies, exluding the North Sea oil sector, would fall this year to *about a quarter of 1979 levels.*

Since then, many of these companies have participated in a rally which has seen the FT 30-Share Index rise without interruption for eight trading sessions. By Thursday evening, the Index was 8.7 per cent above the recent low of 412.7 struck on June 2.

Significantly, the 30-Share Index with its strong weighting towards industrial companies, has risen more strongly than the FT-Actuaries All-Share Index, which was up by only 6.6 per cent over the eight trading days.

Leading the rally have been several high-yielding companies which are expected to be especially hard hit by the present recession. Tube Investments, for example, has risen 27p to 287p since June 2. Even the most optimistic analyst is not inferring the start of a roaring bull market from recent developments but there is a much more jaunty feel around Throgmorton Street these days.

The London recovery is not an isolated phenomenon. Wall Street has been strengthening and almost all other major markets have posted gains. Some of the general enthusiasm has undoubtedly rubbed off on London.

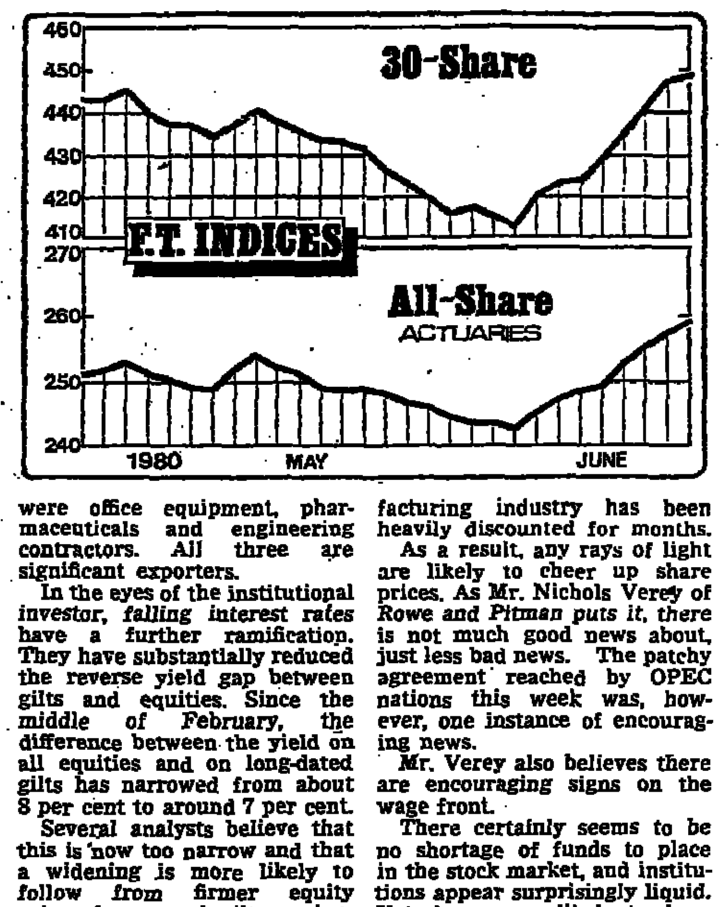
The rise has been attributable in part to the cyclical fall in interest rates, which has been particularly marked in the U.S. This has led many New York pundits to believe that the recession there will be severe but but short.

The hope in London is that if the U.S. economy starts to gather steam sooner than was earlier thought, this will help *to drag the UK out of recession.*

The interest rate developments have, however, made a more direct impact on share ratings in London. The indications are now very strong that Minimum Lending Rate will fall over the summer and even though this week's poor banking figures may delay the cut, this *is good news for Britain's* manufacturing companies, many of which are being obliged to carry a frightening level of income gearing.

A fall in interest rates can be expected to prompt a weakening of the pound, which has been propped up by international funds placed on short-term deposit in London.

A weaker pound would clearly be a welcome relief for British exporters, who have been protesting that the level of sterling is driving them out of traditional export markets. According to Mr. Harry Cowie of Hedderwick Sterling, the three best performing sectors in the week up to Wednesday, were office equipment, pharmaceuticals and engineering contractors. All three are significant exporters.



In the eyes of the institutional investor, *falling interest rates* have a further ramification. They have substantially reduced the reverse yield gap between gilts and equities. Since the middle of February, the difference between the yield on all equities and on long-dated gilts has narrowed from about 8 per cent to around 7 per cent.

Several analysts believe that this is now too narrow and that a widening is more likely to follow from firmer equity prices than a weak gilts market.

Interest rates aside, there are other reasons for the market to be picking up at present. The current recession is the best advertised and rehearsed in history and the damage to manufacturing industry has been heavily discounted for months.

As a result, any rays of light are likely to cheer up share prices. As Mr. Nichols Verey of *Rowe and Pitman puts it, there* is not much good news about, just less bad news. The patchy agreement reached by OPEC nations this week was, however, one instance of encouraging news.

Mr. Verey also believes there are encouraging signs on the wage front.

There certainly seems to be no shortage of funds to place in the stock market, and institutions appear surprisingly liquid. Yet they are unlikely to draw too many conclusions from the last fortnight's rally.

The economy remains too fragile for hard-headed investors to wax too lyrical about equities.

Making partnership work

BECOMING a partner is every professional man's dream. But as well as the juicy financial rewards the privilege of taking a share of the profits entails *financial commitments.*

A new partner in a firm of accountants or solicitors, for example, has to find the necessary capital to put into the firm. Once established, he has the continual problem of funding the partnership's capital requirements.

Finally at retirement he has the sometimes delicate task of extracting the share of the *capital without upsetting the* funding arrangements.

A partnership has three sources of finance—capital put up by the partners, retained profits generated by the business and borrowing from the bank. Several partnerships appear dissatisfied with the apparent *inflexibility* of this system and have been looking at means of improving the fund*ing arrangements.*

Following the prompting of one major accounting firm, Scottish Equitable has designed a scheme to provide this flexibility, combined with the tax advantages of life assurance.

Under the Partnership Capital scheme, at least one partner takes out a Scottish Equitable Cheque Plan policy on his own life. This is a 10-year with-profits endowment contract where the investor has the option of leaving some or all of the maturity proceeds on *deposit* until required, earning special bonuses.

The partner pays the net premiums *out of income*, and the policy is eligible for the usual life assurance tax credit on premiums up to one-sixth of income.

The partnership then enters into an agreement with Scottish Equitable whereby it can borrow up to the total amount of gross premiums paid under the Cheque Plan contract, including the tax credit received by the life company.

Thus for every £850 paid into the life policy the partnership can borrow £1,000. The interest rate is 3 per cent above bank base rate. This interest is paid out of partnership profits and *is therefore allowable as a* charge against tax for the individual partners.

It has to be emphasised that the partnership, not the partner, has the loan facility.

The minimum loan is £10,000, so it may be advisable for more than one partner to effect a life policy. The loan facility increases each time a premium is paid.

At the end of 10 years, the partner has a number of options, including repaying the loan out of the proceeds of the policy. There is considerable flexibility at this stage.

How then does this scheme help partnerships in their capital funding arrangements. For a new partner, instead of putting his capital direct into the partnership, he puts the money into a Cheque Plan contract. The capital is still available through the loan facility, while the partner gets both life cover and a steady return on his outlay.

Similar advantages apply to existing partners. The capital required, instead of lying idle, can be invested safely and profitably, yet be instantly on call through the loan facility. In many cases, the facility is not *likely to be used much, but it is* there when required. The interest charge is simlar to that of bank borrowing.

For retiring partners, the scheme enables them to plan a *phased withdrawal of their* stake in the business without leaving the partnership short of *capital.* For with each premium paid, the loan facility is increased.

E.S.

A week on Target

IT'S BEEN a busy week for investment trusts and invest*ment trust* watchers. On Thursday, for example, the movement launched its latest Investment Trust Year Book*, which includes explanatory articles telling investors how trusts work and a statistical review of the performance of management groups.

The accompanying public relations exercise, however, was quickly followed yesterday by the announcement that Target *Trust Managers has successfully* concluded the unitisations of Carliol and Tyneside Investment Trusts.

This is the biggest unitisation to date, and the managers claim that the effect has been to increase the realisable value of shares of Carliol Investment Trust (which becomes Target Energy Fund) from 105p to 157p bid since January 1, a rise of 49 per cent. In the case of Tyneside (now Target Income and Growth) they claim the rise is 44 per cent over the same period.

The interesting man at the centre of the saga is Mr. Peter Hill Walker, managing director of Carliol Investment Management who will remain in charge of the two new funds. An investment trust *manager* suddenly turned unit trust manager, Mr. Hill Walker says he has always felt that there were too many investment trusts in the market. He also argues that from his recent experiences the costs of unitisation are perhaps not as great as some investment trust diehards like to make out.

** Investment Trust Year Book —Financial Times Business Publication, Price £10.50p.*

* * *

PROPOSALS in the Budget ex*tend the tax concessions* on self-employed pensions and lump sum death benefits showed that the Government's heart was in the right place. But the original Finance Bill left some doubt as to whether its head was functioning properly.

This week, however, the Government has made several amendments to the Finance Bill.

First it has removed all restrictions on the recipient of lump sum death benefits. Now all lump sum death benefits can be paid free of Capital Transfer Tax, thereby helping the self-employed to pass on their businesses to their heirs.

Secondly, the Government has extended the transitional period for using unclaimed reliefs into the 1981/82 tax year.

Finally, the self-employed will have 12 months from the end of the year of assessment in which to pay pension contributions and elect to have them treated as if they were paid in the year of assessment. As a result the self-employed will not have to guess their earnings in order to avoid forfeiting tax relief.

YOUR SAVINGS AND INVESTMENTS

Robert Cottrell looks at the new possibilities in traded options

An expanding market

IF YOU manage your savings actively and make regular use of a stockbroker, there is a fair chance that before long you will be hearing quite a lot about the traded options market.

The market, within the London Stock Exchange and dealing in the shares of listed companies, is set for two-pronged growth this year. First, it will enjoy much improved tax status as a result of changes announced in the budget.

In the past, options have been treated as a "wasting asset" for capital gains tax purposes. The effect was that even investors who lost money on options could still be liable to tax. Under the new system, it is expected that this anomaly will be removed.

The second boost will come from extended computerisation of dealing through the Stock Exchange's new "Topic" system. At present dealing is limited to options on buying shares in 15 companies. It is hoped that this will expand to options on both buying and selling shares in some 50 companies.

One obstacle to rapid expansion of the traded options market is the caution understandably felt by brokers about dealing in it. While the basic principles are fairly easy to grasp, options are in practice a highly technical and potentially highly risky business.

The Stock Exchange's traded options committee is therefore instituting an educational programme for its members, which will comprise seminars and audio-visual aids. The seminars begin next month, and will take in provincial centres as well as London.

One of the committee's longer-term hopes is that, with the broking community confident enough to suggest traded options dealing to clients, the excitement and profit potential of the market will prove particularly attractive to the private investor with a modest sum of investable capital.

An option is a guarantee whereby a person undertakes to buy or sell a commodity at a specified price at or within a specified time, if required to do so.

The person who makes the guarantee, the "option writer," sells it to the "option holder," who buys it because he hopes that during the specified time, it will be more profitable to buy or sell at the option price than at the price prevailing in the free market for the commodity concerned.

The object of the option writer is, then, to sell a guarantee which seems an attractive prospect at the time it is offered, but never in fact becomes profitable for its buyer to exercise.

The commodities against which options are issued in the London Stock Exchange traded options market are the shares of certain quoted companies. The options have a maximum life of nine months. During that time, they may be bought and sold, or exercised, within the market.

An option which confers the right to buy is known as a "call," and is the only type of option currently available on the market. It is expected that "puts," which confer the right to sell, will be introduced later in the year.

An option represents a block of 1,000 shares. It is designated by:

● The name of the company against whose shares it is issued;
● The date on which it expires;
● The price at which the option can be exercised.

"GMH April 130" designates a call option against 1,000 shares in Grand Metropolitan. Until it expires in April, the holder is entitled to purchase the shares at 130p each.

Example 1:

The January share price of Smith Securities is 100p. The market is bullish. An option is written on Smith for September delivery at 130p and sold at a £50 premium, or 5p per share.

Two possible outcomes:

● If by the expiry date of Smith September 130 the Smith share price is below 130p, the option commands a premium of nil, since it is cheaper to buy the shares in the market. The option writer nets £50. The option holder loses £50.

● If by the expiry date of Smith September 130 the Smith share price is 150p, the option commands a 20p premium, representing the amount saved by exercising the option over buying in the market. The option writer loses £150, representing the enforced discount at which he must sell the shares, less the proceeds of selling the option. The option holder nets £150.

The investor may limit his potential losses—and gains—by "hedging."

Example 2: The hedge.

To return to Smith Securities. Let us say that at the same time as buying Smith September 130 the investor writes Smith September 140. Because the share price is less likely to rise above 140p than above 130p, then Smith September 140 can be sold at a premium of perhaps only 3p per share.

The two possible outcomes:

● *If by September Smith stands below 130p, the investor loses £50. But he has received £30 from the sale of Smith September 140p.*

● *If by September the Smith price is 150p, the investor makes £150 on Smith September 130. But he loses £70 of that potential gain by his obligation to re-sell the shares at 140p, less the proceeds of selling the Smith September 140 option.*

In Example 1, without the hedge, we saw a potential loss of 100 per cent against a potential gain of 300 per cent. In Example 2, with the hedge, potential profits are reduced to 60 per cent, but potential losses cut to 40 per cent.

When our investor wrote his own call, he had a sure supply of stock coming in from the option which he already held. This is called "covered" writing. The alternative, "naked" writing, is done without having the stock to underpin the option.

The importance of hedging one's position becomes clear when it is realised that the potential losses on writing naked cells are infinite.

Share prices have no ceilings: and if I have written a naked option which I am called upon to deliver, I will have to obtain those shares in the market no matter what the prevailing price may be.

Where an option would be profitable if immediately realised, it is said to be "in the money." If not, it is "out of the money." If Smith Securities is trading at 100p, Smith August 90 would be "in the money," Smith August 110 "out of the money."

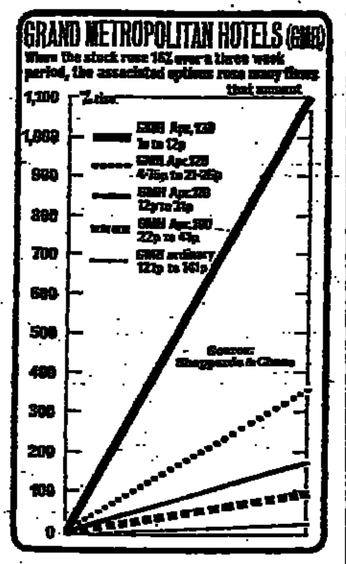
An option "in the money" has an "intrinsic value," namely the spread between the option price and the share price. It also has a "time value"—such that the premium may be higher than the intrinsic value because the uexpired life may see the option move further "into the money."

Compare a purchase of 1,000 Smith Securities shares at 100p per share with the purchase of an option on Smith August 120 at 1p per share premium. The option has cost £10. If by August Smith has in fact moved up to 140, the shareholder has realised a 40 per cent profit.

But the option holder's profit is £190, since his option has an intrinsic value of £200, less the £10 it cost. The profit is, then, 1800 per cent.

The chart below shows a real-life example of how such gains could have been made during an upward movement in Grand Metropolitan shares last year.

It is not possible to "understand" traded options, without understanding the stock market itself. Options are an exciting supplement to, and not a substitute for, straightforward equity investment expertise. If you have judged the stock market correctly, you will make a lot more in options. And if you judge it incorrectly, you will lose the lot.



Thinking international

BONDS

TIM DICKSON

AMID THE current sustained excitement over UK gilts, investors should not forget international bonds. Indeed, with sterling still riding above $2.30 at the end of another jittery week, they could now seriously consider diversifying their fixed interest portfolios well beyond the UK's territorial waters.

The case for investing in gilts at the moment has been well rehearsed. Interest rates are at their peak and widely expected to move lower during the summer—a development which could leave investors with some worthwhile capital gains by the endof the year.

The prospect is obviously mouthwatering to many but a Martian investor might well be unimpressed. For if falling inter estrates lead to capital appreciation on Government stocks, they could at the same time easily topple the pound from its current precarious perch. In other words, the nominal gains may look attractive but better real returns could be available elsewhere.

Before exchange controls were abolished, there was not much UK investors could do to hedge their currency risk. If they wished to invest in overseas bond markets they were forced to go through the highly volatile dollar premium — a severe handicap which defeated the purpose for all but the bravest.

Now that the barriers have been dismantled, however, the way is open to take up hitherto untried opportunities, in particular the wide range of international bond funds based in the Channel Islands and other offshore havens. This week for example, the Royal Bank of Canada, the largest bank in Canada launched a new one—the RBC International Income Fund, incorporated in Guernsey and advised from London by stockbrokers Kitcat and Aitken.

The new fund which is to be denominated in dollars is a little unusual in thta the prospectus gives the managers freedom to invest in bonds and equities, though for the moment the emphasis will be very much on bonds. The initial plan is to put about 75 per cent of the proceeds into UK gilts but to eliminate the exchange risk by buying currency through the forward facilities of the foregn exchange markets. Such "insurance cover" can only be bought at a price—roughly 1 per cent per week below the "spot" rate at the moment—but this policy is obviously preferred to the alternative of exposing the fund to a drop in the pound.

Given the vagaries of currencies and the increasingly sharp movements in interest rates around the world, individuals wishing to invest in overseas bond markets, will certainly be advised to look for professional management. There are, in fact, a surprisingly large number of funds in the market.

Some have been around for years, though until the abolition of exchange controls they were unattractive to UK investors. These include well-known names, such as Gartmore, Warburgs, GT and Save and Prosper. Others like Kleinwort Benson and Guinness Mahon have joined the offshore ranks more recently.

These funds obviously differ in their objectives and yields. Most have the ability to invest in a fairly wide range of bond markets.

These Channel Island funds, like the handful of other offshore bond funds such as Eurobond Holdings NV which is based in the Netherlands Antilles, are not allowed by the Department of Trade actively to promote themselves in this country.

They are, however, more tax efficient than the three UK authorised unit trusts launched at the end of last year by Abbey Life, GT Management and Save and Prosper. These are officially permitted to advertise but, because they have to pay corporation tax of 52 per cent on their income (because it is unfranked) they are less attractive to the UK investor.

A glance at the accompanying table illustrates why many observers in the UK feel the pound is currently overvalued. The column on the left shows the effective nominal exchange rates on a trade weighted basis, against a 1973 base of 100. The figures represent the actual appreciation or depreciation over the last seven years. The second column shows the real effective exchange rates of the same countries—i.e. the actual appreciation or depreciation of the currencies after adjustment for inflation as measured by wholesale prices of non-food manufactures.

The UK figure is, of course, the most spectacular, both reflecting our high rates of inflation and demonstrating that on purely fundamental grounds sterling is much too high.

The importance of currency movements for international bond investors is illustrated by some figures produced by merchant bankers Kleinwort Benson. Over the years 1970-1979 the average annual rates of return without currency adjustment ranged from 10.3 per cent in the UK, to 7.8 per cent in Germany, 6.6 per cent in Japan, 6.5 per cent in the U.S. and 5.3 per cent in Switzerland. Adjusting for currency movements relative to sterling, however, the return in the U.S. was 6.9 per cent, in the UK 10.3 per cent, in Japan 10.6 per cent, in Switzerland 16.2 per cent and in Germany 17.4 per cent.

CURRENT EXCHANGE RATES

COUNTRY	Effective rate*	Real effective rate*
United States	98.4	97.3
Canada	83.6	92.8
Japan	109.5	93.2
Australia	74.8	84.1
United Kingdom	78.6	137.1
France	90.4	100.3
Germany	138.1	101.8
Sweden	88.2	100.2
Switzerland	163.9	104.6

1973 = Base 100

Looking beyond Aunt Edith's City friend

INVESTMENT

TIM DICKSON

IF YOU buy shares on the recommendation of Aunt Edith's "nice man in the City," the chances are you don't keep balance-sheet ratios at the end of your fingertips. Come to think of it, even if you keep your own stockbroker for this purpose you may do little more than simply glance at the glossy pictures in the company's annual report.

The resources for individual detailed research are obviously beyond the reach of most private investors but grand indifference, while, arguably human nature, can be a significant disadvantage in certain situations. One of these is takeovers, a point emphasised in a recent study by NOP Market Research of the bid last spring by Sime Darby for the London-based Guthrie Corporation.

The bid, which first became public in January 1979, finally lapsed at the end of March after a long and at times heated battle with the Singapore-based Sime Darby eventually ending up with 43.5 per cent of Guthrie's ordinary shares.

The survey, designed to examine the sources of information used by Guthrie shareholders in assessing the merits of the bid, contains some interesting findings about the behaviour and age profile of private investors. Three quarters of those interviewed, for example, were aged 55 or more; only 5 per cent were under 40 and a quarter were widowed.

On the one hand the survey concludes that there is what amounts to an unavoidable gulf between the small investor and those who work as professional advisers in the City. On top of their full time commitment to the job, for example, the professionals had much better sources of information—regular stockbrokers' bulletins and in many cases direct contact with the companies involved.

Partly as a result of these better channels of communication, the bid came as no surprise to the City—a factor which gave certain parties a clear advantage over others. As the survey observes, "although brokers and investors (in the City) did not claim that they knew for sure there would be a bid, some felt certain enough to buy speculatively into Guthrie shares."

But if some investors are more equal than others, the level of interest among private investors does not seem particularly great.

Of the near 100 Guthrie shareholders interviewed for the survey only one had ever attended an annual meeting. Their main source of information was the Guthrie annual report—a document which they generally found to be satisfactory.

At least 81 per cent of the sample recalled receiving circulars from Guthrie and Sime Darby at the time of the bid but 31 per cent did not read Sime's and 11 per cent ignored the written pleas from the Guthrie camp. Advertisements in newspapers were remembered by about 70 per cent, while more than half remembered reading press comment.

In ultimately deciding what action to take 75 respondents made up their mind on their own, three with the help of relatives, six together with a professional adviser, while 13 left it in the hands of their professional adviser.

The result of these deliberations was that 74 out of the 97 private shareholders neither sold their shares nor accepted the bid. A further 17 had sold some or all their shares in the stock market but only two were known to have accepted the bid.

With Guthrie shares currently trading in the stock market at around 725p, against a high this year of 912p (in anticipation of a renewed attempt by Sime to wrest control) Guthrie shareholders were clearly right to reject the final offer of 523½p per share last March.

It is instinctive that a sizeable number of shareholders simply decided not to sell their shares from the start. Moreover, 52 of the 74 interviewed who did not sell their shares during last year's bid said they would not do so (presumably on any terms) in a future bid.

Those anxious to revitalise the ranks of private shareholders will be interested in these findings.

Time to take some profits in gold shares

MINING

GEORGE MILLING-STANLEY

THE PRICE of gold bullion failed to establish itself above the psychologically important $600 per troy ounce level this week, and the Gold Mines index lost ground in sympathy. The metal's future price trend is impossible to predict with any degree of confidence at this stage, with uncertainties on both sides of the demand/supply equation.

On the demand side, we have no way of knowing, for example, whether a decisive upward breach of the $600 level would be interpreted by the important jewellery trade as a signal to stop waiting for prices to fall further, as the trade has been doing this year, and buy now before the price goes even higher.

As far as supply is concerned, this week's annual report from the Bank for International Settlements showed that largely as a result of the much higher sales from the U.S. Treasury, the supply of gold to Western world markets in 1979 maintained the steady growth seen over the past few years.

As can be seen from the table, Western production was slightly down last year. North America, Papua, New Guinea and Spain accounted for the bulk of this decline, with South African production little changed at 705.4 tonnes.

There are those in the City, however, who fear a fall in South African production this year, not from what might be termed "natural causes," but from the intervention of politically - motivated people with bombs. The recent attacks on the country's oil installations suggest a greater degree of sophistication than has been apparent before, even if only in the selection of targets. This makes South Africa's gold mines look vulnerable, and has had a markedly depressing effect on share prices over the past couple of weeks.

This week's batch of dividend declarations did nothing to buoy the market, either. There have been signs of sustained buying of the June dividend declarers over recent weeks as investors chose to follow over-optimistic market estimates of the likely levels of dividends, and to ignore the warnings of some of the companies that plans for increased capital spending would cut into the amounts available for distribution.

For example, **Durban Roodepoort Deep** and **East Rand Proprietary**, two mines in the **Barlow Rand** group, both paid less than the market was expecting. The declarations from mines in the **Consolidated Gold Fields** group were also generally considered to be a disappointment. The share prices suffered in consequence.

Nevertheless, this could well be a good moment for anyone who is concerned about political unrest in the country, or even anyone who is still smarting from the smaller than expected rise in dividen payments to consider taking profits.

The sale of all the South African gold shares in a portfolio might well strike the investor as a bit drastic, especially when all these fears are somewhat speculative, but a good case could be made for some profit-taking.

If the holder feels he should diversify away from South Africa, the retention of at least half of his holdings seems particularly attractive when we look at the high returns on the sector. Yields of the order of 23 per cent (**Hartebeestfontein**), 20 per cent (**West Driefontein**) 18 per cent **Ventersport**) and 15 per cent (**Kloof**) are not exactly common on the London Stock Exchange, or anywhere else for that matter.

And if we assume that Kloof, for example, were bought 12 months ago at about 700p, then the yield on the basis of the latest dividends rises to about 25 per cent. On the same basis, the gross return from Ventersport is as much as 40 per cent.

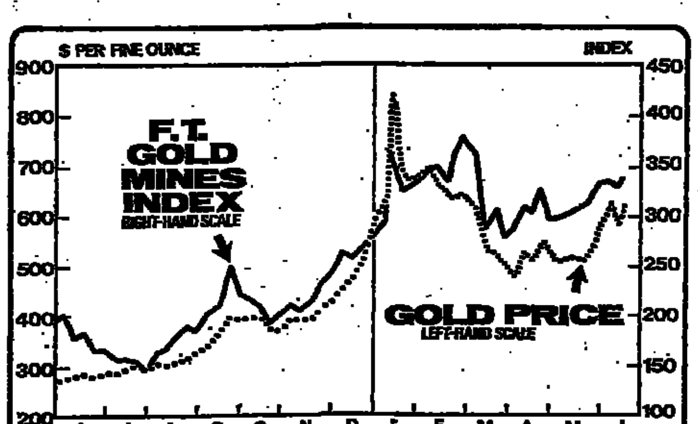
But if a shareholder really wants to reduce his exposure to South African gold shares, let us look at the sort of thing he might experience.

The cost of 100 Kloof shares a year ago would have been about £700. The sale of, say, 50 shares now would give him somewhere around £650, and still leave an annual income of nearly £90 gross from the remaining 50 shares. Alternatively, the sale of the total holding would provide an immediate profit of about £600.

These figures exclude the income from dividends paid during the year for which the shares have been held, and they also take no account of such things as dealing costs and tax. But they do illustrate the sort of profits which could have been made.

An even better deal would have been to buy Venterspost. The shorter life and lower ore grades of this mine are reflected in a significantly higher rate of return.

The purchase last June of 100 shares of Venterspost would have cost about £250. The sale of 50 shares this week would have brought in some £340, thus not only covering the cost but also netting a profit of £90. Further, it would still leave the holder with 50 shares and an assumed dividend income of more than £50 per year on them. The sale of the entire holding of 100 shares would give a profit of £430 or so, again without taking dealing costs, tax and dividends paid during the year into account.



GOLD SUPPLY (BIS FIGURES) TONNES

	1977	1978	1979
WESTERN PRODUCTION	955	955	935
COMMUNIST SALES	450	450	290
WESTERN RESERVE SALES	195	320	605
TOTAL	1,600	1,725	1,830

هكذا من الأصل

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The new Mercedes-Benz T-series offers you a range of three engines, one diesel and two petrol.

The 2.4 litre four-cylinder diesel is a particularly robust and economical power unit.

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PROPERTY

Beside the seaside

BY JUNE FIELD

THE MAGIC of the Marina has added considerably to the value of property in Brighton. In my file I came across some particulars of around three years ago for "probably the finest Regency flat for sale at the Kemp Town end of Brighton," price £57,000.

This week I received the same details, almost word for word, except for the addition "adjoining the new Brighton Marina," and the new price tag, £120,000.

With negotiations for building residential accommodation in the Marina still progressing (the Government granted permission for 850 flats in 1975 after a public inquiry), nearby existing accommodation is naturally much in demand. According to Mr. Pohn Perkins, the Marina Company's managing director, he is in touch with five developers interested in building housing at the Marina, but they are anxious to ensure that any proposals for further development on the site "integrate visually, aesthetically and operationally with the existing users."

A powerful attraction is being able to actually sail into Brighton—the marina is built out into the open sea, so boats are not cut off either by the tide or lack of water.

This means easy access to France too. I went from the marina to Dieppe last week, 100 minutes on the Seajet Normandy Princess which "flies" on foils some 9 ft above the sea.

The cost is normally £24 day return, but there is a special offer of £17.50 until June 30. Details from Mr. John Knighton, sales manager, Jetlink Ferries, 18, Marine Parade, Brighton (0273 698241).

Try lunch at *Aux Fins Gourmet*, straight down the road from the harbour, 4 fourses with wine and service, about 30 francs. And if your French is good, spend 2 francs on the local newspaper. *Les Informations dieppoises*, and see what property the *immobiliers* (estate agents) have for sale.

On offer there appeared to be a studio in the town, *tout confort*, FFr 165,000, a *petit apartment* without a bath at Puys-Plage considerably less, and a *belle villa* in the countryside, FFr 850,000.

Back in Brighton one of the best views of the marina is undoubtedly from Marine Gate, the big, fairly modern block directly above it on Marine Drive. Bernard Thorpe and Partners was offering a top flor two-bedroom apartment with a garage at £35,950 for a 57-year lease, and asking prices for three-bedroom flats are about £77,500. A newly converted two-bedroom, two-bathroom balcony flat facing south over the channel with a view towards the marina in the distance, 130 Marine Parade, part of a terrace of five Regency mansions, is for sale at offers in the region of £69,500.

For a list of other properties available contact Mr. David Armour, Bernard Thorpe, 244 Eastern Road, Brighton (0273 684997).

One of the most atmospheric small developments in Brighton's Lanes must surely be the recently completed Grosvenor Developments, Dukes Lane—the second phase of the delightful two-bedroom "maisonette-cottages," plus parking spaces, are for sale from £40,000 on a 99-year lease.

The residential units are above the shopping precinct created over an old garage and showroom site to provide a pedestrian link between Ship Street and Middle Street in the heart of the Old Town Conservation area.

Details Mr. Robert Stiles, Stiles Horton Ledger, 6 Pavilion Buildings, Brighton (0273 21561).

The broad avenues and crescents off the sea-front of adjacent Hove are a reasonable haven of peace and tranquillity. Many of the handsome period houses are in multi-occupation, and Barratt Developments (Investments), which concentrates on conserving older properties, is refurbishing the Victorian Malvern House, 8 Second Avenue, along from the King Alfred Sports Centre (two sea-water swimming-pools, sauna, foam and pine baths, bowling, badminton, table tennis and physical culture).

The top of the avenue runs into Church Road, its boutiques, bistros and bookshops giving it a village atmosphere, and if you drive a bit further there is Sussex county cricket ground.

Malvern House is converted into 10 smart well-finished one and two-bedroom apartments, some of which have a patio or use of the garden, at prices from £21,500 to £30,000. Although they will not be officially launched until they are finished, probably mid-July, so much interest has already been shown, that there is a special one-day sales preview tomorrow (Sunday) 11-6 pm, for those who want first pick.

The apartments, calculated to appeal to first-timers and the "bachelor" professional person, as well as second home seekers and those getting ready to retire, come with the company's newest "purchaser package," which in effect adds up to an appreciable discount.

It includes (subject to status), 95 per cent mortgage facilities, where Barratt's make up any difference from a lower offer with a deferred loan at 12¼ per cent interest, which doesn't have to be paid back for five years, and the company will pay all your expenses — building society survey fee, stamp duty, legal costs, land registry fee etc.

Maisonettes in the recently completed Dukes Lane, Brighton.

For more information, either go along to the preview and see Mr. David Pretty, marketing director, or contact him next week at Barratt, Box No. 5, Barratt House, 668 Hitchin Road, Luton (0582 31181).

Mr. David Goldin, Fox & Sons, finds that the best method for selling houses in the Brighton area is by auction, and the last half dozen or so attracted so many people that the auction room wasn't able to hold everyone who came along. For details of houses in Hove and Brighton, contact Mr. Goldin at Fox's, 117-118 Western Road, Brighton (0273 739201).

Six houses go for auction at Hove Town Hall on Thursday, June 26, on price guides ranging from around £30,000 for a cottage-style bungalow that needs doing up, in Ovingdean, towards the Downs, to a handsome 6-bedroom, 2-bathroom house with its own sauna, swimming-pool and solarium, in an acre of garden in Hove's Tongdean Road, which is expected to make about £300,000.

Many of the roads around Fox's main office contain small refurbished terraced houses, and 21 Borough Street has all the ingredients of a desirable two-storey, 3 bedroom town cottage — bow-fronted, sash windows, front porch, tiny fenced front garden, and a back patio, £29,995 freehold.

GARDENING

Knowing roses

BY ARTHUR HELLYER

THE WARM weather suited greenflies just as well as it suited plants (where they could be watered adequately) and of, course, it was the roses that were the first to be attacked. Why they are so susceptible I do not know but if anyone thinks that *this* is a modern affliction caused by excessive inbreeding I commend them to *The Book of the Rose* by Michael Gibson just published by Macdonald General Books price £10.95. He quotes Shirley Hibberd, one of the great Victorian garden writers, as saying, under the heading June in the Garden, "Aphis will probably abound out of doors and the best remedy will be water. Ply them with the full force of one of Reid's or Warner's engines every evening and if this does not dislodge them, resort to the use of tobacco water."

It was from these early beginnings that *gardeners learned to* use more scientifically prepared doses of nicotine and it was only the deadly toxicity of this insecticide plus its dependence on fairly high temperatures for full efficiency that made it yield to modern synthetic chemicals such as dimethoate, malathion, pirimiphos methyl and the resmethrins.

Victorian roses seem to have been far more susceptible to polluted air than our own or maybe we have not the faintest idea just how polluted industrial air could be anywhere near those "Satanic mills."

Anyway Mr. Gibson has another fascinating quote from Hibberd who is in favour of dwarf roses for town gardens on the score "that in very smoky places they may be covered with bell glasses . . . When the neighbouring brewery sends out its blackest clouds . . . when the floor cloth factory diffuses a more than ordinary amount of gaseous poison, then the bell glasses would screen the roses from the worst of the blacks and keep a moisture about them beneficial to their foliage and swelling blooms, and the glasses could be removed at night, early morning and at such other times as the nature of the *district might warrant.*"

Since Hibberd also recommends that roses be grown "fifty in a batch . . . but ten clumps of five may have a very paltry appearance unless the Rosarium is on so small a scale as to be beyond the reach of criticism," the labour involved in placing and removing the bell glasses must have been enormous and the appearance like a tented encampment for an army.

This is a fascinating book and Mr. Gibson has succeeded in making it quite different from any other work on roses I have read. Where most authors are content with a brief opening chapter on the history of the rose followed by long detailed chapters on cultivation and finishing with lists of recommended varieties, Mr. Gibson *follows a totally different plan.*

This is a big book with many original colour plates by Donald Myall but we do not reach cultivation until page 239 and it is all over by page 265, including well illustrated sections on pests and diseases, container grown roses and hybridising.

All the rest of the book is concerned with history, great roses and rose gardens, including their making, the use in them of the very varied types of rose and descriptions of some of the most famous rose gardens throughout the world.

Do not imagine from this that Mr. Gibson is an historian who is not really interested in growing roses. He is, in fact, a very ardent rosarian, a council member of the Royal National Rose Society and a highly successful cultivator of roses. It is just that his profession (he is editor-in-chief of practical books for one of the big publishing houses) has taught him to write concisely.

So, in those 31 pages on cultivation, you will find everything you need to know in order to grow good roses yourself including, should you decide to try your hand at breeding, an admirably succinct paragraph on chromosomes and the way in which their numbers may block your progress unless you are able to circumvent them.

I find this section of Mr. Gibson's work particularly encouraging for it confirms a thought that has been much in my mind recently. Amateurs, I believe, are steadily taking over from professionals the breeding of a good many plants.

I do not mean annuals which require enormous resources to product significant results, nor fruits or vegetables where the rewards of success justify considerable capital expenditure, but in a great many specialised fields including the smaller, non-commercial daffodils, some types of lily, delphiniums, irises and michaelmas daisies.

The British garden at the Montreal Floralies, about which I wrote briefly a few weeks ago, won the third prize in the Prix d'Honneur. First place went to the French garden and second to the Italian, both of which were officially sponsored by the appropriate organisations in those countries. Only the British garden was an entirely private enterprise affair pioneered, organised and supervised on the ground by Mr. R. C. Balfour and designed by Rosemary Verey, Brigadier C. E. Lucas Phillips and other voluntary, unpaid helpers. Another triumph for the amateurs.

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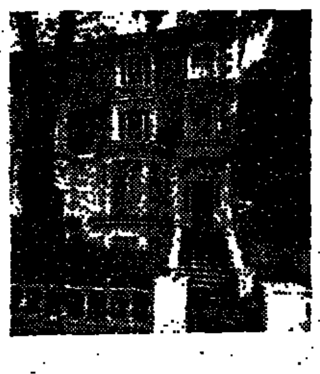

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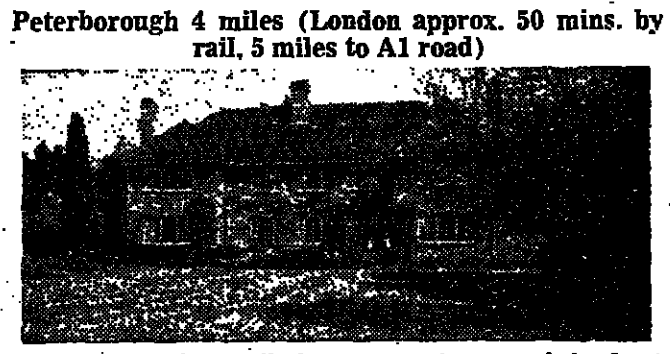

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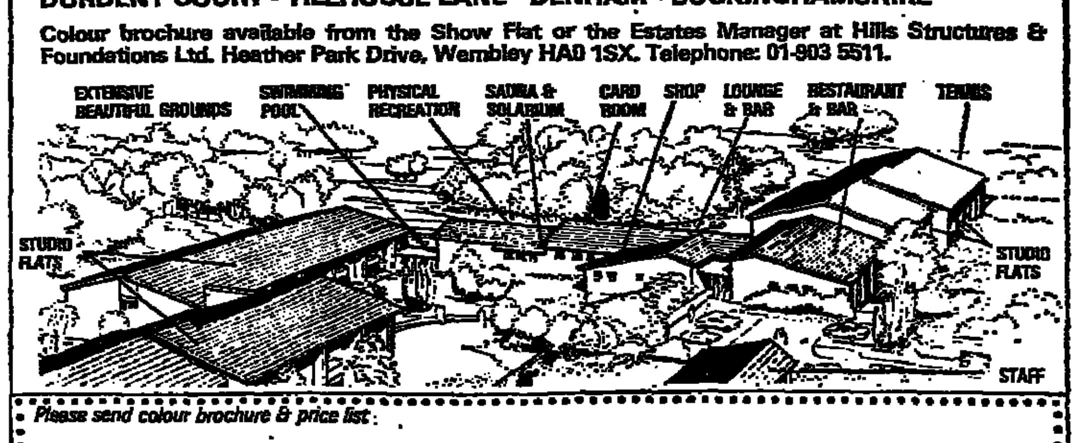

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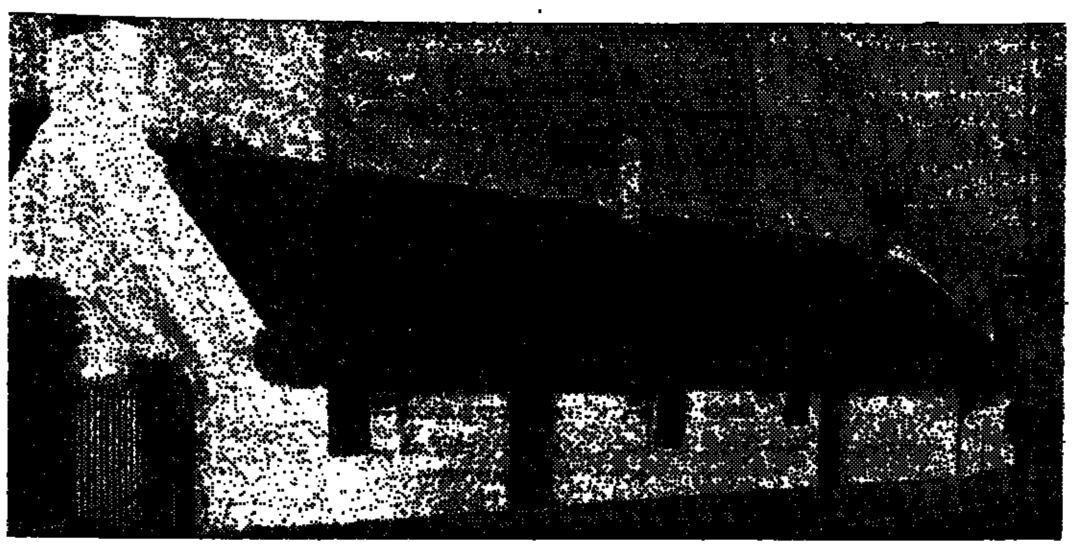


Robert Burns birthplace, Alloway.

Tracking a rascal poet

BY FEONA McEWAN

WAS ROBERT BURNS a rake and a rascal? A rustic genious who lived a life of song, women and wine at the expense of illegitimate babies, desolate women and mounting debts. What sort of man in agrarian Scotland turned from the plough to the pen in search of a living specially when what he had to say was unorthodox? And just what is the appeal of this dialect poet whose verse is double Dutch to many an English speawer?

Now you can draw your own conclusions about Scotland's wayward and brilliant national poet, literally by following his footsteps. The Burns Heritage Trail invites you to explore some of that nation's loveliest countryside, the gentle rolling landscape of south west Scotland, where Burns lived and found much of his inspiration.

He was certainly an exceptional man: a poor farmer's son who became a nationally acclaimed literary hero. What other poet, Shakespeare excepted, in that traditionally neglected role, inspires annual celebrations some 200 years on?

But this trail is much more than just a dry hike around historical buildings and museum pieces. As the various guides and caretakers regale you with colourful tales of his life and times, it becomes a sort of living biography. There's nothing as contagious as enthusiasm and you soon find yourself caught up in the Burns saga.

The easiest way to cover Burns country which forms a triangle between Dumfries, Ayr and Tarbolton, is by car. The trail, which is clearly signposted, is as long or short as your stamina, but I would recommend the following stops.

Birth is as good a place to start as any. In Alloway you'll find the "auld clay biggin," the simple thatched cottage with its white washed walls which was built by William Burnes for his family, with his bare hands and where son Robert was born in 1759.

It was in this humble dwelling that William who knew the worth of education would read Shakespeare and the Bible to his sons and his wife would sing folk songs that were to influence the young poet. In this home where windows were mere holes in the wall, the only form of central heating came from the natural warmth of the horse, the pug and two cows who lived in an adjacent room. A harsh beginning to what was a harsh existence.

In the nearby museum you can browse through assorted Burns memorabilia which includes an intriguing collection of manuscripts and letters. A poet of the people Burns undoubtedly was, observing the lot of the common man with razor sharp perception and often humour, but untutored he was not.

A stone's throw away is the Land O' Burns Centre, the newest of the many Burns landmarks. In this contemporary building, you can see a lively 25-minute screen presentation of the poet's life and an exhibition of places associated with him.

Just up the road at the tiny village of Tarbolton is the seventeenth century Bachelor's Club where Robert Burns learnt to dance in an attempt to "give my manners a brush" and where he founded a debating society. Sam Hay the engaging caretaker can tell many a canny tale about the young blood and the society he ran whose membership rules insisted member "be above anything dirty or mean; and must be a professed lover of one or more of the female sex."

Moving on to Mauchline, you'll come across the house where Burns met and finally married his long-suffering Jean Armour who had by then borne him twins and was expecting another. Later this steadfast lady took in a child he fathered elsewhere and brought it up as her own. Nearby you can enjoy a drink in the happily titled Poosie Nansie's Tavern which features in the cantata The Jolly Beggars.

In a final attempt at scratching a living from farming, Burns took over Ellisland Farm in 1788 six miles north of Dumfries, whose unyielding soil was finally to break his health. However, here he wrote some of his finest work, including Tam o'Shanter. Live-in caretaker Jean Stevenson is an immensely entertaining lady who welcomes visitors anytime.

After three years at Ellisland, Burns moved for the last time to Dumfries where he worked as an Exciseman earning £75 a year. Five years later in 1796 he died aged 37.

Starting today and running until June 22 is the annual Robert Burns Festival which offers a variety of entertainments including music, poetry, exhibitions, song and laughter. Details from the Scottish Tourist Board, 23 Ravelston Terrace, Edinburgh; Land O' Burns Centre, Alloway, Ayr.

Where history has left its mark

JUST IN FRONT of the Communist Party HQ in Sofia, an underpass leads you safely across September 9 Square and, in the process, past a sizeable chunk of the city's Roman forerunner. In those days it was called Serdica. Constantine the Great seems to have favoured the place, but it was Justinian who, in the 6th century, founded the austere basilica which eventually gave Sofia its name.

In the meantime, Slavs and Bulgars had arrived and called it Sredets and, later, the blanket of Turkish rule descended for five centuries. When the Third Bulgarian Kingdom struggled into some kind of existence in 1879, Sofia was no more than a provincial capital in the backwaters of the Turkish Balkans.

A couple of mosques and one or two ancient little churches survive, but most of central Sofia dates from the first town plans drawn up in 1880 and later, which swept away the higgledy-piggledy streets to create a fitting capital for the new state.

St. Sophia itself, after various vicissitudes, has been restored to its original impressive simplicity in mellow red brick, in marked contrast to the elaborate glitter of nearby Alexander Nevsky Memorial Church. This major Sofia landmark houses a very fine collection of icons and was built early this century to commemorate Bulgaria's gratitude for Russian help in gaining independence from Turkey. One tends to forget that the deep fraternal feelings between these Slav cousins pre-dates the Bolshevik Revolution by nearly a half century.

In summer, Sofia is a place for strolling through traffic-free streets and parks, and dawdling over a potent *mastica* or thick Turkish coffee in the open air cafés; or heading out of town to Vitosha, which is not one but a series of mountains on the city's doorstep. With varying proximity, mountains rear up from the Sofia Plain in all directions and, among them, Bulgarian history was written large, long before anyone dreamed up the Black Sea resorts where most visitors today get their main—and often only—impression of what Bulgaria is all about.

In 1981, Bulgaria will celebrate the 1400th birthday of her existence, in one form or another, as a state, with a full programme of events.

Of Veliko Turnovo, capital of the Second Bulgarian Kingdom (1018-1185), there is much more to see. This was Bulgaria's Golden Age when, for a while, her territory touched three seas: the Black, the Aegean and the Adriatic. Of the battlements and towers, palaces and churches of that period, only substantial remains survived the Ottoman onslaught; but the red tiled roofs and overhanging upper storeys of the 19th century National Revival period add enormously to the charm of this city, whose situation steeply banked above wild loops of the river Yantra is simply splendid.

Plovdiv, the Bulgarian equivalent of Birmingham, is the country's second city and the one most business visitors are likely to see, for here are held the major international trade fairs. Its commanding position over the Thracian Plain made this the Pulpudeva of the Thracians, the Philippopolis of the Macedonians, the Trimontium of the Romans and the Filibe of the Turks, and there are traces of every period if its hectic history.

Borovets is the other major mountain centre, away to the north-west in the Rila Mountains, where the Rila Monastery is the most famous of several monasteries that became strongholds of Bulgarian culture during Ottoman rule.

Several more are tucked away in the Iskar valley area north of Sofia, a rather little known and scenically glorious region of precipitous rock formations. Far better known is the Valley of Roses, on one of the routes from Sofia to the Black Sea, a broad funnel betwen the Balkan Range and the hills of Srenda Gora. Millions of roses bloom here in May or early June, though to see the harvesting you must be up as early as the rose pickers: between dawn and about 8 am.

Koprivshtitsa, famous for a bloody if abortive uprising against the Turks, is one of the prettiest places in Bulgaria, about 100 km from Sofia in the Sredna Gora mountains. Balkantourist are now marketing painting and photography holidays there as part of a drive to wean at least some discriminating visitors from the coast.

Further information: Bulgarian National Tourist Office, 126 Regent Street, London, W1.

SYLVIE NICKELS

The Alfasud

An ageing beauty

BY STUART MARSHALL

TWO FEATURES give away the Alfasud's age. Its styling is seductively curved, not trendily angular. And it looks as though it should be a hatchback, but isn't. General Motors paid it a considerable compliment by making their new Opel Kadett/Vauxhall Astra look just like the Alfasud in profile, except that it has sharp edges and comes in a hatchback version as well as a saloon. Rising nine years the Alfasud may be, but it has handling, roadholding and sheer *brio* that puts it ahead of nearly all its upstart competitors.

Over the years the engine size has gone up from the original 1,186 cc to a choice of 1.3 or 1.5 litres and a five-speed gearbox is now standard. The Alfasud 1.5 I am driving at the moment puts out a healthy 84 horsepower at a modest (for Alfa) 5,800 rpm and thrives on an endless diet of revs. The fairly close ratio gearbox gives urgent acceleration (0-60 mph in just under 12 seconds). Motorway cruising is unfussed at 70 mph and fifth is flexible enough to be used at 28-30 mph in town.

Both gearshift and throttle feel just a little sticky at low speeds but such minor aggravations are forgotten on the open—and especially the winding—road. The Alfasud flies round corners without roll or twitchiness and appears to have unlimited reserves of adhesion. Its handling is vice-free, its ride levelly comfortable, the steering razor sharp and braking powerful.

Alfa Romeo claim a maximum speed of 103 mph. If one can resist temptation, the fuel consumption is better than 30 mpg on a journey—the constant 75 mph figure is 32.5 mpg—but a realistic average for a press-on owner would be nearer 27-28 mpg.

Styling changes for the 1980 models include matt black wrapround bumpers, door handles and all external body hardware; new light clusters front and back; and a protective plastic moulding along the sides. The badge on the open boot lid no longer clouts the rear window (it is set in a plastic surround) and the interior has been completely redone in colour-matched cloth trim and carpets. By taking out the rear seat armrest, skis and fishing rods can be carried inside instead of being vulnerable to thieves on a roof rack.

Alfa Romeo say that great attention has been paid to rustproofing and improving paint adhesion—a weak point on Alfasuds of a few years ago. The finish on the test car is good.

The price is £4,300, which includes free routine service parts for the first 24,000 miles and a year's free breakdown recovery service with three days of car hire. The 1.3 litre Alfasud, smaller engined but otherwise almost identical, costs £4,100.

Cruise control

So far, all the correspondence I have had about cruise control ("Is it always safe?" I asked two weeks ago) has been from enthusiastic supporters.

By far the most interesting is a letter from Mr. M. J. D. Hurn, of Associated Engineering at Leamington Spa, the European pioneers of cruise control through their Econocruise system. Naturally enough, he entertains no doubts at all that it is a major benefit to many motorists.

He says that a properly engineered cruise control system reduces driver fatigue, thus enhancing safety. It leads, he claims, to a probable reduction in fuel consumption of some 10 per cent — he concedes that the amount depends on previous driving patterns — and says it ensures that one complies with any posted speed limit.

A recent user survey undertaken for Associated Engineering had shown that 97 per cent of owners of Econocruise fitted cars were satisfied or delighted, 80 per cent would definitely fit it to their next car, and 91 per cent would recommend it to other motorists.

None of the owners had mentioned a similar problem to the motorist I wrote about two weeks ago who thought he might have avoided a serious accident if he had switched off his car's cruise control when feeling drowsy.

This motorist did not say that he thought cruise control was dangerous, as some correspondents seem to think. Having used it extensively, he was well aware of its advantages. He merely said that he would never use it again and he asked if the makers of cars fitted with cruise control had ever considered warning owners that, should they feel less than fully alert, they should switch it off.

Mr. Hurn, of Associated Engineering, says that if any driver finds his state of alertness so marginal that the use of cruise control could tip the balance, he should stop the car. One can't possibly disagree with him.

But what I—and I think many readers—would like to know is this: Does the device help the driver to stay alert by removing responsibility for controlling the car's speed; or does it relax him so that his attention might wander?

I'm no disciple of Sir Alec Issigonis, who is once said to have answered criticism of the Mini's uncomfortable, hunchback driving position by saying it would help to keep drivers awake. I would go for automatic transmission for 90 per cent of my motoring and for conveniences like power steering and air conditioning all of the time.

But is cruise control really as much a safety aid as the makers say it is? I still think it is a question deserving debate.

An eventful U.S. Open

GOLF

BEN WRIGHT

SENSATION followed sensation on the lower course of Baltusrol Golf Club in Springfield, New Jersey, as the second round of the 80th U.S. Open championship, a record sixth to be played at this club, unfolded in glorious sunshine. The early indications were that the golf course was extracting a considerable revenge for her humiliation yesterday.

In returning to the great deeds of yesterday when both Jack Nicklaus and Tom Weiskopf shattered the former's course record by two strokes by scoring seven under par 63 apiece, one can never remember such a burst of fantastic scoring. And the favourite Tom Watson's hole in one, the seventh of his career, and his second in competition, was completely overshadowed. Watson holed an eight iron shot at the 162 yards fourth hole.

At the first tee on Wednesday, without exception, the players forecast that par of 280 would probably not be beaten on a course that is so hard in terms of length at 7,076 yards—par 70 with its rough, so tough.

Overnight then, the two leaders were three strokes ahead of Keith Fergus, Mark Hayes and Lon Hinckle, and four ahead of Ray Floyd, J. Haas and the black golfer Calvin Peete.

At 68 came Mark Lye, second favourite Lee Trevino, the 1978 champion Andy North, and the leading Japanese golfer Isao Aoki. There were seven more players with sub-par scores, and the defending champion Irwin matched par of 70 alongside four others.

So the stage was set for another fantastic duel in the sun before the dew had dried this morning between Nicklaus, who was due to start just four groups behind his great friend and rival from Columbus, Ohio, the often tragic Weiskopf.

I went out with the latter, and was almost immediately rewarded when the elegant Tom rammed in a 30 foot put for a birdie three at the 465 yards opening hole. But both Weiskopf and his partners Lanny Wadkins and Fuzzy Zoeller, took three puts on the second green to drop a stroke.

There was scarcely a breath of wind, the fairways were magnificent, and the green still receptive as they had been yesterday. Weiskopf's troubles began when he missed the fairway by no more than a yard into the semi-rough to the right at the 470 yards, par 4 sixth hole.

His ball was scarcely visible, and when he hacked at it, it squirted away to the right of the green mercifully coming to rest on deep grass trodden flat by the many thousands of spectators who have already witnessed the fireworks here.

Weiskopf hit a terrible pitch just beyond the bunker in front of him into the deepest possible grass, two feet short of the putting surface, and from there smashed the ball over the green to drop two strikes to par.

The seventh hole is exactly the same length as that which precedes it, and Weiskopf could hardly have played it better from tee to green with a towering drive past the angle of the dog leg and round the corner to the right, and a glorious long iron shot 15 feet to the right of the hole, which was cut immediately behind a bunker, in the shallowest section of the green.

Weiskopf was three feet too strong with his birdie putt and missed the return.

Thereafter he pulled himself together with great courage, beeause by this stage he knew that Nicklaus had made two birdies at the first and third holes to be no less than five strokes ahead of him.

Weiskopf had no luck whatsoever from the greens for the next five holes, despite the excellence of his approach play and the thundering drive he was hitting. At last he was rewarded at the 393 yards 13th hole where the pin was tucked just 15 feet behind the right-hand bunker.

Weiskopf struck a fine second shot four feet from the hole and made his birdie, but as I left him once again he got into trouble, and at the moment with only one hole to play, has just dropped shots at the 16th and 17th holes to be only three under par for the championship.

But the course has also got the better of Nicklaus. He has dropped a stroke to par at the sixth and the 11th holes and two more at the 12th to be five under par with four holes to play, as is Fergus with seven holes to play.

These two have the lead by one stroke from Hayes, who has two holes to play, and by two shots from Aoki who has four strokes to play and Hinkle, who is through seven holes of his second round.

At the moment, Fergus and Aoki are the only two players on the golf course to be under par for their second rounds, and this by only one apiece.

LEGAL NOTICE

No. 002086 of 1980

In the HIGH COURT OF JUSTICE Chancery Division. In the Matter of CAMBRIDGE ELECTRONIC INDUSTRIES LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition was on the 16th May 1980 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of (1) the Capital of the above-named Company from £12,478,275 to £3,000,000 and (2) the Share Premium Account of the said Company from £17,068,418 to £14,468,000 by returning Capital which is in excess of the wants of the said Company.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before The Honourable Mr. Justice Vinelott at the Royal Courts of Justice, Strand, London, on Monday the 23rd day of June 1980.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of Capital and Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same:

Dated the 13th day of June 1980.

SLAUGHTER AND MAY,
35, Basinghall Street,
London EC2V 5DB.
Solicitors for the said Company.

PUBLIC NOTICE

HAMPSHIRE COUNTY COUNCIL CORPORATION BILLS

£25,000,000 Bills issued 13 June 1980 at 13 53/64% to mature 11 July 1980. Applications £135,000,000. Outstanding £51,000,000.

هكذا من الأصل

HOW TO SPEND IT

by Lucia van der Post

Clean-cut, sculptural head by Eduardo Benito for Vogue, October 1928

COVERED IN STYLE

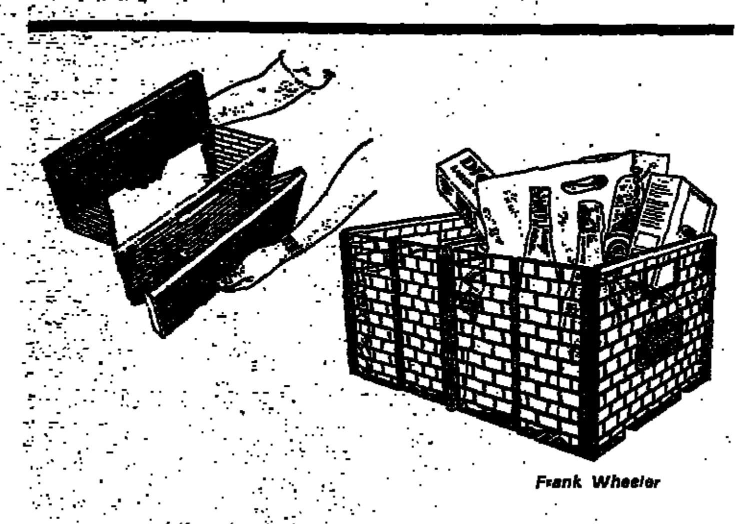
IT'S COMFORTING to realise that even so eminent a magazine as Conde Nast's Vogue was storing a treasure-house of art in its cellars without quite realising the value of it all. Ever since Vogue turned what had been a society weekly into a magazine that became the epitome of elegance and style in 1909, it adopted a policy of *commissioning distinguished* artists and designers of the time to create covers for the *magazine. It wasn't until* about 10 years ago that it began to realise quite what an amazing store of graphic art it had when Jan Pienkowski and Angela *Holder first approached Conde* Nast and asked permission to turn some of those old covers into posters.

After much effort and research Conde Nast has published in full colour all the covers produced between 1920 and 1930 as well as a large selection of those that went before and came after. The *result is a fascinating visual* treasure-chest of some of the most distinguished graphic art *of the times.*

From the highly decorative work of Helen Dryden, through the ravishingly pretty covers of Harriet Meserole and onto the *almost Braque-like images of* Zeilinger's cover, we come to the strong, economical images created by Benito, one of which is shown left.

As William Packer, our own art critic, who provides an informed and illuminating commentary on the artists and the influences at work puts it, "This is before all else a picture book: *a celebration of the* splendid material for its own sake." That is indeed what it is *—a glorious book to dip into* time and time again.

The Art of Vogue Covers 1909-1940 is published by Octopus at £6.95.

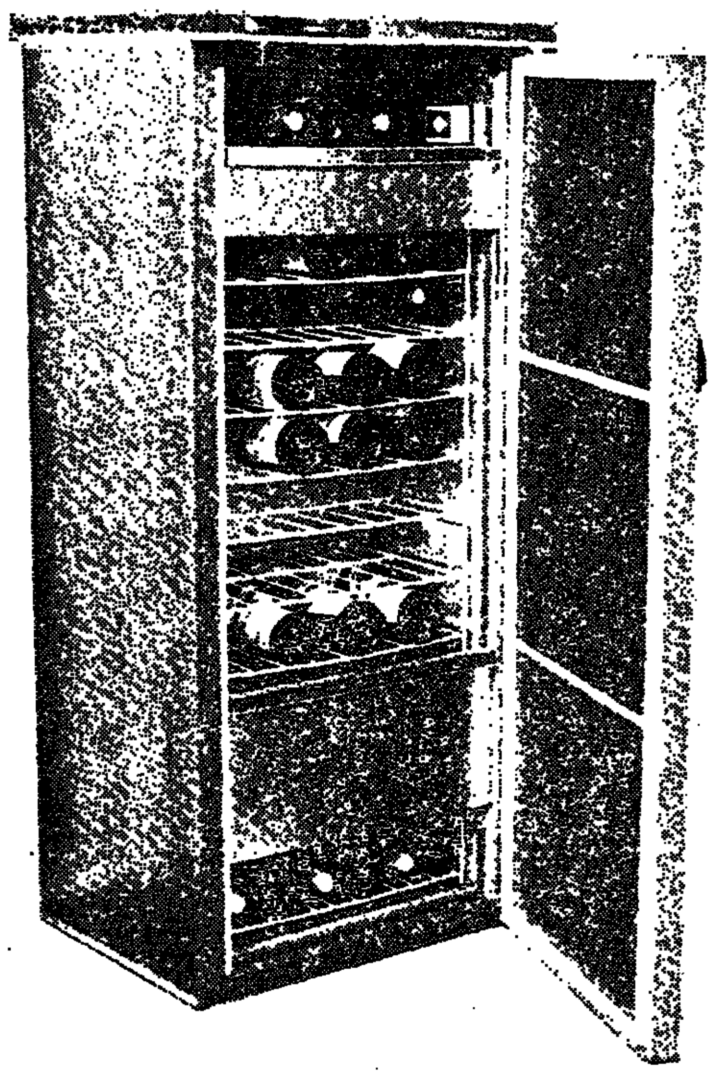


Frank Wheeler

Quite contained

A splendid idea from Volvo—a folding container that you keep in the car ready for any unplanned (or planned, come to that) stops at supermarkets or shops. Instead of searching desperately, as I tend to do, for *a cardboard container which* very likely is too light and soft to hold everything I need to put in it, this container, when fully open, is rigid and strong. When folded it is very small and takes up little room—but it *opens out* to form a large box, divided in the middle, measuring 20 ins by 14 ins by 10 ins. When empty it weighs 2½ lbs. Made from *strong polypropylene it is £5.20* (plus VAT) from any Volvo car dealer.

Keeping cool



WHERE, IF you are fond of wine and tend sometimes (like *just before a budget* or when you come upon a wine too good to miss) to buy in bulk, do you keep *all* those bottles? If you are very lucky you own a cellar —but more probably the walls are damp-proofed and therefore it isn't suitable at all. Some people try basements, or under the stairs, but these aren't really the right sort of environment either. If you are really in the investment buying stakes you can persuade a wine merchant to store it for you, but most of us like to keep reasonable stocks *of wine at home and then fret* about whether it is at the right temperature and what is happening to it in those years when we fondly hope it is maturing.

The French, needless to say, have come up with an answer. *After all* many of them live in apartments where the facilities for storage are even worse than in most of ours. The French call it "un cave d'appartment" but it is really an insulated cabinet, which has three separate compartments for keeping wine at suitable temperatures.

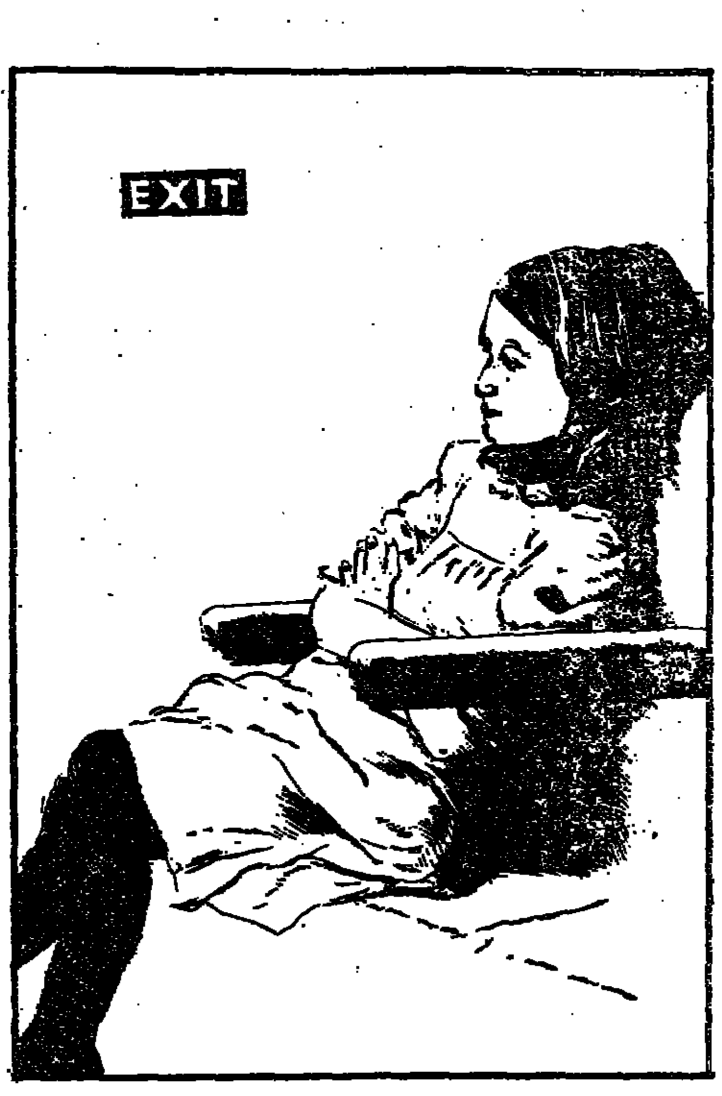
The cabinet is called the Eurocave and has three different compartments providing temperatures for ageing (10 to 12 deg. C or 50 to 54 deg. F), for serving red wine (14 to 18 deg. C or 56 to 64 deg. F), and for chilling white wines and *Champagne* (4 to 8 deg. C or 39 to 46 deg. F).

For those who want to be sure that their fine wines are kept at what are scientifically recommended *temperatures the Eurocave* would seem to be a good solution. The version with the *compartments, above, hlods 100* bottles and costs £425 (plus VAT). There is another version which has only the conservation temperature (10 to 12 deg. C or 50 to 54 *deg.* F) but holds 140 bottles and that costs £375 plus VAT. Finally there is a 65 bottle model which fits into a kitchen worktop, offers the three different temperature *zones and costs* £295 (plus VAT).

All versions, wine owners will be happy to learn, have locks.

If you're interested in the Eurocave, write to Eurocave, 77 Heath Road, Twickenham, Middlesex. Telephone 01-891 4313.

Prints for all



EBURY (Fine Art) is a relative newcomer to the world of original *prints* and lithographs but already it is having a great success. Adrian George is *among the most successful* of the artists whose work has been specially commissioned and his lithograph, *Two Mirrors*, is currently one of the best-selling prints on the market. Shown left is an etching by the same artist. *Cinema*, originally commissioned by Ebury for the occasion of the Royal Film Performance in aid of the Cinema *and Television* Benevolent Fund.

Cinema is limited to an edition of 100 and a few copies are left at *£80 each but for* those who are interested in buying this form of art Ebury has several other distinguished artists working for them including Patrick Proctor, Alan MacKenzie-Robinson (his *Pineapple Fairisle*, a row of colourful clothing, is marvellous), Laurence Mynott (I have bought his *Pink Rose* at Charleston, which shows how much I admire his work) and several others.

You can see the prints at Ebury, 89, Ebury Street, London, SW1, as well as an eclectic *collection of glass (Lalique and* Orrefors among others), small furniture (some tables with elephant legs), Chinese bronzes and porcelain, all for sale at what seem to me very reasonable prices.

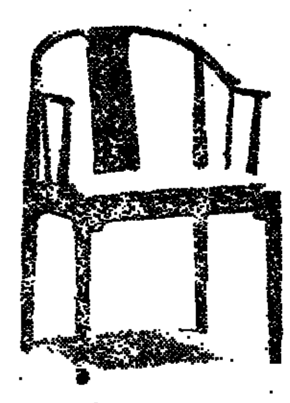
All in stitches

ANNABEL JOHNSTON and Lucile Wareing are two friends who live in the country, discovered a mutual interest in designing and making individual attractive things for the house and decided to launch their products together.

Annabel designs and makes hand appliqued cushions, bags, *quilts and pictures—you may* either buy some of her designs ready-made or commission her to create something special for your own house or family. Best *of all she loves doing quilts for* children but there are also cushions that use old and new lace and appliqued circular table cloths. Photographed above is a tapestry bag, which would make an ideal summer bag. Made of cotton quilting and lined, it is in turquoise and green on white and has large appliqued butterflies. The wood handles are painted and this version is £12 (p+p 50p). For those who wonder just how much of their everday paraphernalia it will be able to take, it measures 15 in by 16 in. Buy it direct from Annabel Johnston, Lime Tree Cottage, Langford, Nr. Lechlade, Gloucestershire. Telephone *Filkins 322. Annabel Johnston* can be visited at her home, strictly by appointment only, where you can see the complete range of her items.

Lucile designs her own needlepoint canvasses. They are all hand-painted and are all original designs. Her special quality seems to be her colouring—colours are soft, gentle and *subtle*—and her choice of several animal themes. Photographed here is a charming yellowy, green tortoise canvas, £17.50 inclusive from Lucile *Wareing, Clarendon, The Park,* Cheltenham, Gloucestershire. Telephone Cheltenham 515954 if you wish to make an appointment to view her complete *range of canvasses.*

Postscript



A COUPLE of weeks ago when I wrote about current Danish designs I was sad not to have been able to find a British stockist for the famous "China" chair designed by Hans Wegner and photographed here. Since then I have discovered that James Granville Furniture of 5 Sedley Place, Woodstock Street, London, W1 sells it in solid natural cherry wood with a loose leather cushion for £393. James Granville also sells many of Fritz Hansen's designs, as well as those of the late Arne Jacobesen. Oscar Woollens of 421 Finchley Road, London, NW3 also has a large selection of Danish furniture and can order other designs if a customer wishes.

Saucy Days

BY JULIE HAMILTON

THE MORE summer advances the more the inclination to slave over a *hot stove recedes. The* need now is for easy meals, quickly prepared. Cold meats and simple barbecue grills come into their own. The problem is dullness and the solution is a good sauce.

Cold chicken, grilled sausages or chops, salmon, cold turkey and ham can all be improved by the right sauce or a special dressing for the accompanying vegetables or salad.

I have in my fridge at this time of year an almost perma*nent supply of an improvised* barbecue-type sauce that I call the Summer Sauce.

It can be eaten with any meat, hot or cold, and is particularly *delicious spread lavishly on a* baked potato or covering sliced, hard boiled eggs as a side salad or a starter. Sausages are transformed when dipped in it. Summer Sauce is simple to make and will keep as long as the family allows.

Summer Sauce

All you do is put in your blender the following ingredients, using more or less of any of them *according* to taste:

3 to 5 cloves of garlic; 1 heaped teaspoon strong French or English mustard; 3 tablespoons tomato ketchup; 1 tablespoon tomato purée; 1 heaped teaspoon sugar; 1 level teaspoon salt; some pepper; *2 or 3 large sprigs mint;* 1 sprig parsley; 8 to 10 Spanish stuffed olives; a few shakes soy sauce; a dessertspoon or *two of white wine vinegar or* lemon juice if preferred.

Liquify all these ingredients, slowly add olive oil until you have a pale pink creamy consistency. You will probably find you need a quarter pint of oil if not more. Store in a cool *place in airtight* jars.

Chilli Sauce

For those who enjoy really hot flavours, it is easy to prepare this Chilli Sauce. It is almost a pickle and goes very well with cheeses like Cheddar, Edam, double Gloucester or Leicester. It also transforms *a risotto or any dish you care* to "hot up."

To 1 oz fresh chillis add 3 oz salt; 1 teaspoon vinegar; 1 dessertspoon olive oil.

Place in a blender or food processor and reduce to a pulp. Store in airtight jars. This sauce is at its best when it has had a chance to mature for at *least one month.* It will keep for years. Red chillis are best, purely for aesthetic reasons.

For Vegetables

Here is a sauce that can be used with (almost) any vegetable, but especially with beans, broccoli, carrots and greens. Having cooked the vegetable in well salted water, drain it and retain the water for the sauce, keeping the vegetable warm while you make it.

For four people, make a roux with one ounce of butter and once ounce of flour. Slowly add the vegetable stock until you have a creamy consistency. Take one egg yolk and combine it with one tablespoon lemon juice and three tablespoons cream. *Add to it* two tablespoons of the hot sauce, mix well and then mix it into the *rest of the sauce.* Season to taste and pour on top of the chosen vegetable just before serving.

By using the basic bechamel method and adding to it, you can produce many variations. I am very fond of a prawn and *meat combination. For example,* prawns and veal are excellent partners.

If you happen to have served fresh prawns that you have peeled, put all the heads, tails and skins in enough water to cover them, add a little thyme and gently stew to make a stock. Use this stock to make a creamy sauce (as above) to serve with veal or pork escallops or even to pour over new potatoes.

Sauce Raifort aux Noix

This is a horse-radish and walnut sauce, a most original accompaniment to fresh salmon or salmon trout, either hot or cold. A friend of mine recently *served it, having read about it* in Elizabeth David's *French Provincial Cooking*. But she took short cuts (not recommended by Miss David) because *she had problems finding fresh* horse-radish.

For four people take 2 oz *shelled and skinned walnuts* (to skin them, plunge them in and out of boiling water and rub off skins as soon as cool enough to handle); 2 *tablespoons freshly and finely* grated horse-radish; 1 teaspoon sugar; salt to taste; juice of ½ a lemon; 5 oz thick cream (double cream that is a few days old or very lightly whipped).

Chop the skinned walnuts *quite finely and very gently* stir them into the cream. Add the horse-radish, salt and sugar. Last of all carefully add the lemon juice.

If you can buy (or grow) fresh horse-radish you will need to let it lie in cold water *until it is quite firm, then peel* it before grating. If you are unable to find fresh horse-radish use the variety packed in jars *without* vinegar. But it is well worth a hard hunt for the fresh root.

Fruity Sauce

A hot fruit sauce over plain vanilla ice cream is quick, simple and envigorating. The *method is the same for the juice* of any fruit you choose but my favourite is orange and lemon.

For four people you will need the juice of 1 lemon and 2 oranges; 1 oz butter; 1½ oz caster sugar; a pinch of cinnamon and a pinch of nutmeg.

Melt the butter, add the juices and spices. When nearly boiling, add the sugar, stirring all the time. When the sugar has dissolved, boil for a minute or two to reduce and thicken slightly. Serve piping hot. You can of course add to it white wine or sherry or even a liqueur. But do not boil it after adding the liqueur as it will evaporate and hardly taste.

ARTS

Child minds

BY ANTHONY CURTIS

In my report last Saturday on the Giles Cooper Award Winners for the Best Radio Plays of 1979 I mentioned Olwen Wymark's *The Child* which won the award in the Afternoon Theatre section. It so happens that another play by Mrs. Wymark, *Find Me*, was transmitted this week as the Monday Play (Radio 4, UK, June 9). Afternoon Theatre has a large predominantly female audience; the Monday Play (which is repeated on Sunday afternoon) has a general catchment and covers an enormous range of subject-matter both contemporary and historical. But Mrs. Wymark's plays transcend any limitations which these divisions impose save that of length: the Monday playwright is given 90 minutes, his Afternoon colleague half that amount of time.

Mrs. Wymark's present concern as a playwright is to enter into the consciousness of people in conditions of psychological disturbance bordering upon insanity. This is a difficult subject, fraught with disaster for any artist however delicate his touch, but one which radio has the resources to explore more fully perhaps than any other medium. Surely *The Child* is one of those rare works that could only be performed on radio? I do not see how in any other form you could preserve the mind-blowing revelation which occurs in the last few seconds of the play. In it we have been made aware of a mother coping heroically with her retarded, potentially violent child, aided by another woman of even greater forbearance, both of them calming the child's terrors, entering into its fantasy world, and by playing along with her keeping the destructive pressures down below the danger level.

The constant vigilant effort drives them to drink and even they cannot keep it up for 24 hours a day. They need occasionally to go to bed to sleep and it is while her protectors are asleep during a storm that Gemma, terrified, escapes and is picked up by the police with whom her mother eventually finds her. The following exchange then occurs: "Policeman: Age? Nina: I beg your pardon? I don't see what . . . Policeman: How old is she . . . your daughter? Nina: She's forty-one."

You may say the playwright cheats withholding this piece of information which in any other medium would be divulged as soon as we saw Gemma, but the device is justified. We are dealing with a forty-one year old woman who has the mind of a deeply disturbed child. Radio enables the playwright to exhibit all aspects of that mind for the best part of half an hour in isolation from the mature body which would preempt your reaction.

The contemporary theatre has begun to present the pathological heroine on stage. Some remarkable work has already been done, as anyone who saw David Edgar's play about Mary Barnes at the Royal Court Theatre would probably agree. There was a child-woman whose progress (and regress more often) we could watch as the play developed. Like Mary Barnes Mrs. Wymark's *Find Me* was originally performed on the stage and was taken from real life using fictitious names for the people. In this play we follow the whole history of the malady from the moment when it first becomes manifest in the behaviour of young Verity—a remarkable radio performance this by Elizabeth Lindsay—to her eventual conviction and imprisonment in Holloway via Rampton and various other institutions. The actress voiced all the various phases in the girl with real conviction and managed to suggest the wild volatility, switching from sweet reasonableness to destructive fury in seconds and back again, which made her so impossible to deal with.

We saw her not just through her own strangely inventive eyes but also through those of her parents, puzzled and tried beyond endurance, those of her kindly substitute parents, and those of the frustrated authorities who were required to deal with her case. An individual who is neither certifiably mad nor in any accepted sense of the word, sane, produces an impossible situation, one where the measures that society must ultimately take to protect itself can only result in a cruel exacerbation of the disturbance. Mrs. Wymark made her plight both poignant and dramatically absorbing. Hannah Gordon as the girl's mother and Michael Spice as her father revealed in their sympathetic interpretations how even the most patient and understanding parental love has its limits, while those who played the surrounding teachers, consultants, social workers and magistrates were horribly authentic.

The Queen, Countess and a Waterfall

BY WILLIAM PACKER

Jack Milroy's collages were last seen in London some three years ago, at Hester van Royan's old gallery in Covent Garden, and the continuity in their development since then is perfectly clear in the work he is now showing at the Thumb Gallery in d'Arblay Street (until June 27).

Indeed, the Queen of his title refers to Her Majesty as she is represented by her Post Office on its definitive postage stamps; and the works at Thumb that use that material are, in fact, the final variations and resolutions of a theme that was already well realised at that time.

These miniature reconstituted portraits are as beautifully made as ever, and as formally inventive, ringing the changes on the regular grid of the sheet of stamps while remaining perfectly proper and respectful.

But the idea of breaking down material, if only to rearrange and remake it, by now so thoroughly explored by him, has been most adventurously extended in the succeeding phases, first with the Countess, and most recently with the Waterfall. Most obvious of all, the scale has been dramatically amplified, but the most significant shift has been in technique; for the sticking down has been abandoned, the tearing of the material now the definitive, formative action. Perhaps a new word is needed to label these paper reliefs, "déchirage" perhaps more apt than "collage."

Though it is perhaps a shade affected to speak of risk in such things, the process has become decidedly more chancey: for, whereas with a technique that builds it up, the material remains inherently malleable, the tear by its very nature may be made only once, the last tear of all still able to ruin the entire piece.

The preparation, too, is crucial, for the business is no longer one of trial and reconsideration and eventual decision. Now the final image must be anticipated from the start, if only to the degree that the working material may be so arranged that the desired result is at least made possible.

With the Countess, for example, Milroy has commandeered the image of The Comtesse d'Haussonville, from the portrait by Ingres in the Frick, making a number of screen-prints of it in a variety of colours: but a moment's thought makes clear that a simple pile of them will not do. Even with the most simple of these intriguing objects, the top-most sheet must be reversed, inverted and placed precisely, the first incision judged with the greatest nicety, for the crinoline to be pulled away and fall just so.

Back to Front by Jack Milroy

With the Waterfalls, the largest of the paperworks so far, it is the same but more so, for with them Milroy has not even a clear icon to guide him, but instead images that seem to grow out of the very process of making them.

Aldeburgh Choice

BY ANDREW CLEMENTS

Each year the Aldeburgh Festival provides a show case concert for one of the London music publishers to display its wares. This time it was the turn of Faber Music: a company associated since its foundation with the Festival and Britten's publisher for the last decade of his life. Some early Britten pieces for oboe and piano — Faber has prepared a number of forgotten manuscripts for publication — were included with younger composers in Wednesday night's programme: chances to hear again works by George Benjamin, Anne Boyd, Jonathan Harvey and Oliver Knussen, and the first performance of Colin Matthews's *Shadows in the Water* for tenor and piano.

Benjamin's octet was written two years ago, before the enormously impressive orchestral *Ringed by the Flat Horizon* which I wrote about in March. It is less immediate, less striking in its ideas than that descriptive piece; no less confident in its shape but working harder at its organisation. Slabs of scherzo-like material occasionally boil up and sometimes become becalmed: gestures seem hardly hinted at before they are dismissed. For an 18-year-old it is very accomplished, but Benjamin's development since it was written has raised our expectations.

The London Sinfonietta provided the players for the evening and the music was directed by the composers themselves (including Benjamin, apparently his first experience of conducting, though one wouldn't have known). It was interesting to compare Jonathan Harvey's account of his *Concelebration* with that which Gemini produced for the first performance in London two weeks ago. Harvey took the piece substantially slower, giving more chance to hear the vertical alignments of the score, but stressing it over far too long a time span. It remained a difficult, uneasy piece, too unremittingly written against the instruments rather than providing them with rewarding shapes.

Knussen's *Ophelia Dances* by contrast seemed crammed too full of instrumental delights for its eight-minute span; a series of tightly compressed dances with framing introduction and hauntingly beautiful coda, working with tiny motifs and scraps of references. It is, says the composer, the first unit of a planned larger work, and some related material has found its way into his third symphony, heard at last year's Proms. At times it sounds more like a melting pot of ideas rather than a finally determined and shaped composition; many composers would be happy with half the invention for a work of twice the length.

Colin Matthews's setting of *Promise* Traherne, simple, entirely syllabic with a spare and understated piano accompaniment, was written last year as a birthday present for Sir Peter Pears. It is unpretentious and carefully written for Sir Peter to sing, confining itself largely to the middle register of the voice, an occasional piece far removed from the aspirations of Matthews's string quartet heard earlier in the Festival. It was sung by the dedicatee with a beautifully even tone and his usual absolute attention to the detail of the text.

Yet perhaps the most interesting and thought-provoking premier of the first week of the Festival had come in a short lunch-time recital given by Janet Baker and Martin Isett in a Jubilee Hall packed to the rafters. Dame Janet began by making ample amends for her slightly disappointing recital earlier in the week with a superb Purcell group, and went on to give the first British performance of a song cycle written for her by Dominick Argento, *From the Diary of Virginia Woolf*.

Argento is barely known in Britain, though two of his operas staged in the United States have been much praised. The *Diary* takes eight entries from Virginia Woolf's journal (culled from the selection published in 1953 and not from the complete edition currently being issued) covering the last 22 years of her life, clothes them in lines tailor-made for Janet Baker's voice, and provides an independent, wide-ranging piano accompaniment. It could so easily have been an embarrassment, an attempt to make a public display of disintegrating emotions out of private confidences. And there are some moments of self pity that do not ring true to the image of Woolf that the diary as a whole conveys; but in general the spirit is faithfully sustained. It would be revealing to hear the cycle from a singer of less ability, when the success of its great ambition could be separated from Dame Janet's gift for making even the mundane into a great musical experience.

Andre Previn

BY PAUL DRIVER

The second of André Previn's concerts with the LSO at the Festival Hall on Thursday set a couple of substantial English works against Chaikovsky's Fourth symphony, and it was an illuminating piece of programming. Britten's *Sinfonia da Requiem* and Walton's Cello Concerto matched surprisingly well—the composers are not in fact that often brought together—while both, but especially the Britten, took striking context from the symphony.

The common features were translucent, colourful, infallibly calculated orchestration and plangency of expression. In the *Sonfonia* as in the symphony there is also a dark defiance that goes beyond mere plangency of course. And it was in bringing out Britten's doom-laden opening thuds and the ominous melodic shapes that gradually curve out of them that the LSO made its greatest impression. The pressure built up overpoweringly until the splenetic scherzo released itself out of the climax. Here one's criticism was that the music had too little malice: it was executed too effortlessly: the sinuous saxophone tune should have threatened more and the whole could have profitably sounded more *Waltonian*.

Walton's concerto did at any rate gain a rather Brittenish hue, coming straight after in Nathaniel Rosen's thoughtful, agile, exploration (this was his London debut). Like the *Sinfonia* it is an enormous arc, the three movements readily merging into one; a rhapsodic quality is dominant. The cellist has a double task: to make its architecture evident but not so evident that the listener starts to complain of repetition of the Viola and Violin Concertos' formula. Rosen managed this by plunging himself and us into a richly nuanced, plastically expressive private reverie, achieving its consummation (and its justification) in the two solo improvisations of the finale.

Record for a Sickert

Christie's sale of modern British paintings and sculpture yesterday produced an auction record for a Sickert. Browse and Darby paid £26,000, plus the 11.5 per cent buyers premium and VAT, for "That old fashioned mother of mine," painted around 1920. Another record was the £9,500 for "Threshing" by John Nash, while the £18,000 which secured "The Dancers" by Percy Wyndham Lewis was not only an auction high for a watercolour by this artist but for any vorticist watercolour.

Other high prices were the £16,000 for a typical nautical scene by Montague Dawson and £15,000 for an equally typical painting of a mare and her foal by Sir Alfred Munnings. A Lowry, "On the promenade," signed and dated 1955, went for £10,000.

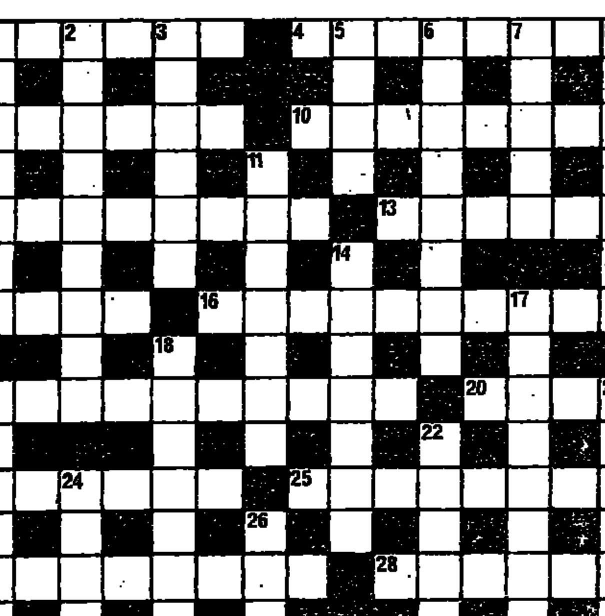
F.T. CROSSWORD PUZZLE No. 4,297

A prize of £5 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....

....



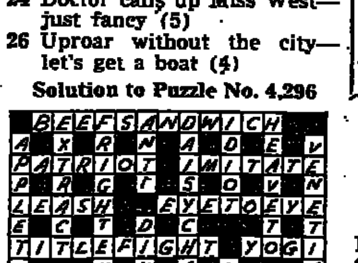
ACROSS

1 Novelist has a go at verse (6)
4 Tight control for a business employee (4, 4)
9 A puzzle to sift (6)
10 There's connection in smart status (8)
12 The salmon is about finished —he is forgiving (8)
13 Help to fool one good man (6)
15 One in a thousand—that's the old you! (4)
16 School for a shooter (10)
19 One making a suggestion to touch down up country (10)
20 Forward support (4)
23 "Lap me in soft — airs" (Milton) (6)
25 A girl between her parents causes a scene (8)
27 Feudal superior with a name for invasion (8)
28 Toast for a politician about 50 (6)
29 "His sceptre shows the force of —— power" (Merchant of Venice) (8)
30 They held sermons for an exiled duke (6)

DOWN

1 Some about to imitate breastwork (7)
2 I wondered what the stuffing could be (5-4)
3 Depend upon Ron including the city (4, 2)
5 I ought to express gratitude for the letter (4)
6 Clergyman with a car upsets the rest (8)
7 Excuse for a party in first class surroundings (5)
8 Follow a celebrity in a constellation (7)
11 Israel's continuing stories (7)
14 It's a disgrace to scrutinise a youngster on his way up (7)
17 Jack finds the saint in a waterproof (9)
18 Gaoler is in the Sultan's palace (8)
19 Last putt was sunk, we hear (4, 3)
21 Turns informer for pretty girls (7)
22 The only Bible portion for a channel (6)
24 Doctor calls up Miss West—just fancy (5)
26 Uproar without the city—let's get a boat (4)

Solution to Puzzle No. 4,296



TV/Radio

BBC 1

† Indicates programme in black and white

7.15-8.30 am Open University (Ultra high frequency only). 9.05 The Banana Splits. 9.35 The Adventure Game. 10.05 Feeling Great! †10.15 Zorro. 10.40 Trooping the Colour of the 1st Battalion, Irish Guards. 12.15 pm Bugs Bunny, cartoons. 12.27 Weather.

12.30 Grandstand: Football Focus (12.35) European Championship report; Motor Racing (12.50) The Marlboro Formula 2 Trophy; Water Skiing (1.30) The Old Spice Championships; Racing from Bath (1.50, 2.20, 2.50): Tennis (2.05, 2.35, 3.05) The Stella Artois Championships semi-finals; Show Jumping (3.05) The Benson and Hedges Show Jumping Championship: Athletics (3.05, 5.30) The GRE Games: Final Olympic trials: European Championship Football (4.35, 5.45) West Germany v Holland, including 5.30 News, Weatherman and 6.30 Final Score.
6.40 What's On Wogan.
7.15 Saturday Night at the Movies: "The Vikings" starring Kirk Douglas.
9.05 Knots Landing.
9.55 News.
10.05 Telford's Change.
10.55 Saturday Night at the Mill.
†11.45 Phil Silvers as Sergeant Bilko.

All Regional programmes as BBC1 except as follows:

Cymru/Wales—12.10 am News and Weather for Wales.

Scotland—12.10 am News and Weather for Scotland.

Northern Ireland—5.36-5.40 pm Northern Ireland News; Sport. 12.10 am News and Weather for Northern Ireland.

BBC 2

7.40 am-3.10 pm Open University.
3.10 pm Saturday Cinema: "The Canadians" starring Robert Ryan.
4.30 Tennis: Stella Artois Championships (semi-final).
5.10 The Sky at Night.
5.30 Open Door.
6.00 Trooping the Colour (highlights).
7.15 News and Sport.
7.30 The Levin Interviews: Bernard Levin talks to Ram Dass, formerly of the Department of Psychology at Harvard University.
8.00 Dance Month: Martha Graham Dance Company.
9.40 Return Call to Brass Tacks.
9.50 International Sports Special: United States Open Golf Championship and Benson and Hedges Show Jumping Championship.
11.55 News On 2.
†12.00 Midnight Movie: "Barbary Coast" starring Edward G. Robinson.

LONDON

8.55 am Sesame Street. 9.55 Super Friends. 10.30 Fun Factory.

12.30 pm World of Sport: 12.35 International Sports Special (Part 1) Soccer, Rallying (Esso Lombard Scottish International Rally) and Australian Pools Check; 1.15 News; 1.20 The ITV Seven—1.30, 2.00, 2.30 and 3.00 from York: 1.45, 2.15 and 2.45 from Sandown: 3.10 International Sport Special (Part 2) Tennis: Crossley Carpets Trophy Final; 4.55 Results Service.
5.05 News.
5.15 Cartoon Time.
5.30 "Doctor in Trouble" starring Leslie Phillips.
7.15 European Football Championship: Czechoslovakia v Greece.
9.30 News.
9.45 Tales of the Unexpected.
10.15 From Here to Eternity.
12.00 Pro-celebrity Darts.
12.30 am Close: Personal choice with Cyril Shaps.

All IBA Regions as London except at the following times:

ANGLIA

9.20 am Tarzan. 10.10 Fangface. 5.15 pm Mork and Mindy. 5.45 Sale of the Century. 6.15 A Man Called Sloane. 12.00 The Andy Williams Show. 12.30 am A Programme for World's Children's Day.

ATV

9.10 am Invasion Road. 9.35 Public Office. 10.00 Bailey's Bird. 5.15 pm Woody Woodpecker. 5.25 Saturday Cinema: "Please Sir!" starring John Alderton and Deryck Guyler.

BORDER

9.10 am Invasion Road. 9.35 Public Office. 10.00 Untamed World. 12.00 Afloat.

CHANNEL

5.12 pm Puffin's Pla(i)ce. 5.15 Sea and Ships. 12.00 Pro-Celebrity Snooker.

GRAMPIAN

9.20 am The Beachcombers. 9.45 Cuir Car. 10.15 Cartoon. 6.15 pm Feature Film: "Planet Of The Apes," starring Charlton Heston, Roddy McDowall and Kim Hunter, followed by Area Weather Forecast. 12.00 Seachd Laitheen. 12.15 am Reflections.

GRANADA

9.30 am Invasion Road. 10.00 Cartoon. 10.05 Batman. 5.15 pm Cartoon. 5.26 "Please Sir!" 12.00 Celebrity Concert. 12.55 am Police Surgeon.

HTV

9.00 am Public Office. 9.40 Getting On. 10.05 Fangface. 5.25 pm "Please Sir!" starring John Alderton. 12.00 The Electric Theatre Show.

HTV Cymru/Wales—As HTV West/HTV General Service except: 5.05-5.15 pm News followed by Report West Headlines.

SCOTTISH

9.10 am Invasion Road. 9.35 Build Your Own Boat. 10.00 Sam. 5.15 pm The Big Film: "Planet Of The Apes," starring Charlton Heston Roddy McDowall and Kim Hunter. 12.00 Late Call. 12.10 am SPGA Championship.

SOUTHERN

9.00 am Sesame Street. 10.00 Fangface. 10.27 Regional Weather Forecast. 11.30 Southsport Cricket: Sussex v West Indies. 5.15 pm "Planet Of The Apes," starring Charlton Heston. 12.00 Southern News.

TYNE TEES

9.00 am Saturday Shake-up. 9.05 Tarzan. 9.55 Saturday Shake-up. 10.05 Moby Dick and the Mighty Mightor. 10.30 Saturday Shake-up. 10.50 Saturday Morning Movie: "Battle Beneath The Earth," starring Kerwin Matthews. 12.20 pm Saturday Shake-up 12.25 Check It Out Preview. 5.15 Saturday Shoot Out: "Two Rode Together." 12.00 The Odd Couple. 12.30 am Three's Company.

ULSTER

9.35 am Invasion Road. 10.00 Cartoon Time. 10.15 Larry the Lamb. 5.15 pm Feature Film: "Planet Of The Apes," starring Charlton Heston, Roddy McDowall and Kim Hunter. 9.44 Ulster Weather. 12.00 Sports Results.

WESTWARD

9.30 am Target the Impossible. 9.55 Look and See. 10.00 Rocket Robin Hood. 10.25 Gus Honeybun's Birthdays. 12.27 pm Westward News. 5.12 pm Westward News. 5.15 Sea and Ships. 12.00 Pro-Celebrity Snooker. 12.40 am Faith For Life. 12.45 West Country Weather and Shipping Forecast.

YORKSHIRE

9.00 am Spiderman. 9.15 Beachcombers. 9.40 Man from Atlantis. 5.15 pm The Big Film: "Planet Of The Apes," starring Charlton Heston and Roddy McDowell. 12.00 The Entertainers, featuring singer Georgie Fame.

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 News. 7.03 Playground. 8.00 Tony Blackburn with Junior Choice. 10.00 Peter Powell. 1.00 pm Adrian Juste (S). 2.00 A King in New York (S). 2.05 Paul Gambaccini (S). 4.00 Rock on Saturday (S). 7.30-6.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Tom Edwards (S). 8.06 David Jacobs with Star Sounds (S). 10.02 Pete Murray's Saturday Show (S). 1.02 pm Punch Line. 1.30 European Soccer Special (1.30, 2.15, 4.40, 5.40, 6.50) including 4.45 West Germany v Holland; Rugby Union (1.30, 2.40, 3.05, 6.30) South Africa v British Lions; Athletics (1.30, 2.15, 3.10, 4.10, 6.35) UK Championships at Crystal Palace; Davis Cup Tennis (1.30, 2.05, 2.35, 3.15, 4.15, 6.30) Great Britain v Romania; York Racing (1.30, 1.55, 2.25, 2.55), plus news of golf, cricket, show-jumping, motor racing, rowing and at 5.30 Racing results. 7.02 Three in a Row. 7.30 BBC International Festival of Light Music (S). 10.02 Sentimental Journey with the BBC Radio Orchestra (S). 11.02 Sports Desk. 11.15 Kevin Morrison with The Late Show (S), including 12.00 News and 12.05 am Sports Desk. 2.02-6.00 You and the Night and the Music (S).

RADIO 3

†7.55 am Weather. 8.00 News. 8.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.15 Bandstand (S). 11.45 Diversions (S). 1.00 pm News. 1.05 Early Music Forum (S). 2.00 Play It Again (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 The Organ Works of J. S. Bach (S). 7.10 The Classical Guitar (S). 8.00 Worcester Festival Chorus concert, part 1 (S). 9.10 Poetry Now. 9.30 Worcester Festival, part 2 (S). 10.35 Biagio Marini chamber music (S). 10.45 Bringing in the Bride. 11.00 News. 11.05-11.15 Purcell (S).

VHF only—6.00-8.00 am Open University; and for Scottish students only: 12.00-1.00 am.

RADIO 4

6.25 am Shipping Forecast. 6.30 News. 6.32 Farming Today. 6.50 Yours Faithfully. 6.55 Weather; programme news. 7.00 News. 7.10 On Your Farm. 7.40 Today's Papers. 7.45 Yours Faithfully. 7.50 It's a Bargain. 7.55 Weather; programme news. 8.00 News. 8.10 Sport on 4. 8.45 Today's Papers. 8.50 Yesterday in Parliament. 8.59 Continental Travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Daily Service. 10.45 Trooping the Colour. 12.15 pm A Seaside Childhood (Dylan Thomas from the BBC Sound Archives). 12.27 The News Quiz (S). 12.55 Weather; programme news. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News. 2.05 Wildlife. 2.30 Little Dorrit. 3.25 Join Radio 3. 5.00 You Are What You Eat. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.15 Desert Island Discs with Clive James. 6.55 Stop the Week with Robert Robinson. 7.35 Baker's Dozen (S). 8.30 Saturday Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 The Most Wonderful Being. 11.00 Lighten Our Darkness. 11.15 The Magic of Music (S). 12.00 News.

BBC Radio London

5.00 am As Radio 2. 7.32 Good Fishing. 8.00 News, Weather, Traffic, Sport. 8.15 Weekend What's On. 8.30 Bob Powel's London Country. 10.03 Stuart Colman's Echoes. 11.30 The Robbie Vincent Show. 2.00 pm Time Off. 3.00-6.00 am Joins Radio 2.

London Broadcasting

7.00 am AM—Des Fahy. 10.00 Jellybone. 12.00 LBC Reports. 1.00 pm Sportswatch. 6.00 LBC Reports. 7.00 Geet Mala. 8.00 The State of War. 9.00 The London Interview (Tony Elliott, Editor of "Time Out" Magazine). 10.00 Nightline. 1.00 am Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Kerry Juby's Breakfast Show (S). 9.00 Capital Countdown with Peter Young (S). 12.00 Kenny Everett (S). 3.00 pm Afternoon Delight (S). 5.00 Soul Spectrum (S). 8.00 Roots Rockers (S). 9.00 Nicky Horne's Six of the Best (S). 12.00 After Midnight with Mike Allen (S). 4.00 am The Collection (Classical Music) (S).

TV RATINGS w/e June 8

Week Ending June 8
UK TOP TWENTY (viewers m)

1	It'll Be All Right On The Night (LWT)	16.30
2	Coronation St. (Mon.) (Gran.)	14.00
3	Coronation St. (Wed.) (Gran.)	13.95
4	Only When I Laugh (Yorks.)	13.30
5	Crossroads (Wed.) (ATV)	12.80
6	Crossroads (Tues.) (ATV)	12.40
7	The Plank (Thms.)	12.35
8	Can We Get On Now, Please? (Gran.)	11.80
8	The Rollicking Adventures of Eliza Fraser (BBC)	11.80
10	Winner Takes All (Yorks.)	11.75
11	D-Day The 6th of June (BBC)	10.85
12	Emmerdale Farm (Thurs.) (Yorks.)	10.70
12	The Mallens (Gran.)	10.70
12	The Other 'Arf (ATV)	10.70
15	Nine O'clock News (Fri.) (BBC)	10.65
16	Knots Landing (BBC)	10.45
17	Emmerdale Farm (Tues.) (Yorks.)	10.30
18	That's Life Report (BBC)	10.15
19	Tales Of The Unexpected (Anglia)	9.80
20	Lingalonga Max (Thms.)	9.75

Figures prepared by Audits of Great Britain for the Joint Industry Committee for Television Advertising Research (JICTAR).

CHESS SOLUTIONS

Solution to Position No. 324

RxRP wins easily—but the game ended 1...R-QB4?? 2 KxP! RxR stalemate, and Hubner went through to the semi-finals against Portisch.

Solution to Problem No. 324

1 R-QR8, K-N6; 2 Q-N8 ch, K-R7; 3 Q-QN8 mate.

SOLUTION AND WINNERS OF PUZZLE NO. 4,291

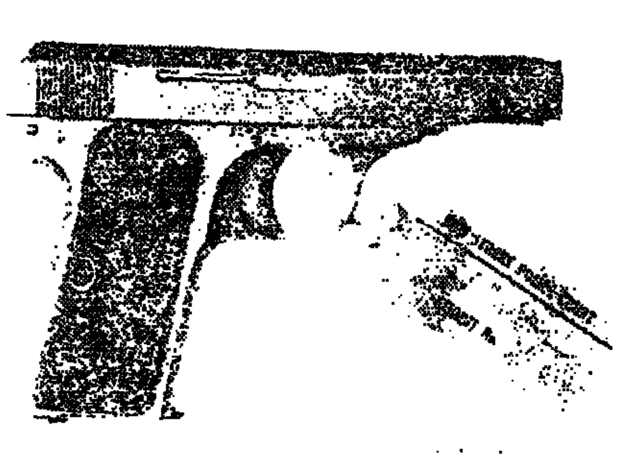
Mrs. G. Cochrane, 41 Dean Road, Boness, W. Lothian, Scotland.

Sir Alan Marre, 44 The Vale, London, NW11 8SG.

Mrs. C. McLaren, 97 Cardigan Road, Bridlington, N. Humberside.

هكذا من الأصل

COLLECTING



Drama in court

BY JANET MARSH

SEVENTY or 80 years ago, the stars of the courtroom—counsel like F. E. Smith, Sir Edward Carson or Marshall Hall — rivalled, in the public's esteem and adulation, stars of the stage.

Marshall Hall was born in 1858, was called to the Bar in 1883, took silk in 1898 and was knighted in 1917. A friend of actors, he looked supremely like an actor of the classic old school. He was immense, with handsome, sculpted features, beautiful silver hair and riveting eyes.

In court he must have been splendid. His entrances were always calculated (even if it meant keeping judges waiting) and he is described as charging into the room like a warhorse, his head thrown back, striking terror into the opposition and inspiring his clients. His caustic exchanges with judges were notorious, and from time to time proved a handicap both to his pleading and to his career.

He could, however, at least to judge from some of the flimsy cases which he won, convince a jury that black was, if not white, at least a very odd shade of grey. "You must get into the box with the jury, so to speak," he said: "and make them think the way you want them to think."

His great strength was as a forensic lawyer. An enthusiast and expert in firearms, his handling of any murder case involving guns was unequalled. This aspect of his career is currently recalled by the appearance—in Christie's auction of Modern Sporting Guns and Vintage Firearms next Wednesday—of a curious little collection of forensic souvenirs contained in a slightly battered japanned tin box labelled "Sir Marshall Hall Q.C."

The box was Marshall Hall's Black Museum. It contains half a dozen old pistols, three knives and various other sinister items whose provenance and significance was identified half a century ago by Marshall Hall's first biographer and friend Edward Marjoribanks. An incorrigible collector (he was a great connoisseur of pictures, Chinese art, furniture, silver and objets d'art) he had, it seemed, kept these objects as reminders of his most sensational cases.

It is an eerie little hoard of old memories that someone will be able to buy (according to the auctioneers' estimate) for between £500 and £1,000. There is, alas, no memento of The Seddons, who were tried for poisoning a lonely woman for her money in 1912. Marshall Hall failed, happily, to save the odious Mr. Seddon, but won a Not Guilty verdict for his pathetic, dominated wife. Nor is there any souvenir of the celebrated George Joseph Smith, who made a practice of drowning his brides in the bath tub and was another of Marshall Hall's happy failures. An arsenic test phial however recalls the Great Defender's success in *R. v. Harold Greenwood*, the trial in 1920 of a mild provincial solicitor for the murder of his wife.

Here is a framed photograph of Mrs. Bennett, the victim of the Yarmouth Beach Murder in 1907, and her gilt chain which formed the crux of Marshall Hall's (unsuccessful) defence of her husband. A portrait of Marshall Hall, done in the dock by the prisoner Robert Wood, recalls the Camden Town Murder of 1907 when Wood, a rather strange young artist, was charged with the murder, in particularly seamy circumstances, of a prostitute.

Like the Wood trial, *R. v. Madame Fahmy* looked like an open-and-shut case, and Marshall Hall's victory for the defence makes it perhaps his most remarkable case. It is certainly the most evocative. Madame Fahmy was a beautiful French lady who had married a rich Egyptian. After marriage the husband turned out to be brutally possessive, and made perverse demands upon his wife which the court reporters of 1923 were too polite to describe.

One stormy night in the summer of 1923 shots rang out in the corridor of the Savoy Hotel. A manager found Madame Fahmy, in evening gown and jewels, bending over the pyjama-clad body of her husband. *"J'avais perdu la tête,"* she murmered, disarmingly, but incriminatingly.

Twenties England was thrilled. Hall brought translators to attest that "*J'avais perdu la tête*" meant, colloquially, not "I had lost my head" but "I was frightened out of my wits . . ." It was confidently thought, however, that what won the case was an outrageous *coup de théâtre*. At the most tense moment of his summing up, he pointed the murder weapon at the jury; then suddenly dropped it, with a fearful clatter. It was never known whether this triumphant *grand guignol* shock, people in the court cried out in fear, was by accident or design. Madame Fahmy's Browning now lies in Christie's, still with the Bow Street exhibit label on it.

"I don't know much law" said Marshall Hall in his early days: "but I can learn what there is to be known about men and women."

CHESS

LEONARD BARDEN

As a public spectacular, a simultaneous display always looks impressive. The master walks round the inside of a circle of opponents, who make their move as he reaches each board. Experts with quick sight of the board and dexterous hand movements can treat such occasions as high-speed blitz chess, and the best performers, such as Capablanca and Tal, could dispatch off 30 or so average club opponents in 2-2½ hours.

If recent results are any guide, such occasions in Britain are becoming much more competitive as our general playing standards rise. Rather than going as willing lambs to the master's technique, the opponents increasingly seize the opportunity to advance their own morale and reputation.

One regular feature of Lloyds Bank's £14,000 a year support for British chess is the City Trophy where a leading player meets opponents from banks, insurance firms, and stockbrokers. Murray Chandler gave this year's exhibition and was expected to score well in view of his recent success in New York (see last week's column).

The display began just after 6; three hours later, when the simul player normally expects at least to have polished off half a dozen of the weaker opponents, every game was still in progress. Many results had to be adjudicated and the final score of 15 wins to Murray Chandler, eight draws and five losses was a credit to the City defenders. Banks' league players did particularly well. More than half of them won or drew, among them J. D. Barham (Midland Bank) who was awarded the trophy for the best game.

A yet more traumatic experience for the simul player occurred when Hungarian grand master Sax took on the England junior team in a 12 board clock match as a curtain-raiser to the Phillips and Drew Kings. The GMs scored heavily in earlier clock simuls, giving the impression that the advantage of fewer games than in a normal display outweighed the drawbacks of strong opposition and coping with the clock.

Sax's opponents were all under 21 but constant tournament practice has made them battle-scarred veterans. Probably for the first time in any display in Britain the grand master lost—by 5-3 with 4 draws. This week's game was the first to finish and follows the recipe of aggressive, tactical play which provides the best chance to beat an expert in a simul.

White: B. A. Jacobs (Slough). Black: G. Sax. Sicilian defence (Phillips and Drew Pawns 1980).

1 P-K4, P-QB4; 2 P-KB4 (the favourite anti-Sicilian move in English weekend tournaments), P-Q4; 3 PxP, QxP; 4 N-QB3, Q-Q1; 5 N-B3, P-QR3; 6 N-K5, N-KB3; 7 B-K2, Q-Q5 ?

Intended to stop White castling, in fact disastrous. Black should play P-K3.

8 P-Q3, P-K3; 9 B-B3, QN-Q2; 10 N-B4 !

Threatening to win the queen by 11 B-K3.

10 . . . N-Q4; 11 BxN, PxB; 12 Q-K2 ch ! K-Q1.

12 . . . B-K2 gives White the pleasant choice between 13 NxP and 13 B-K3.

13 B-K3, Q-B3; 14 NxP, Q-K3; 15 Q-B3! R-QN1.

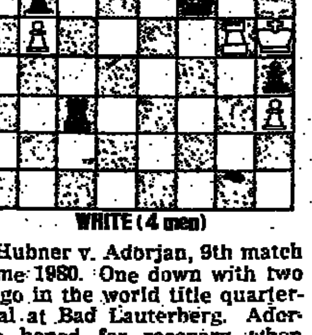
Hoping for P-QN4 and B-N2, but Black's game is already gone.

16 P-B5, Q-K4; 17 Q-B4, Resigns.

Moral: even GMs should avoid *premature* queen excursions. White, the current London under-18 champion, took full advantage.

POSITION No. 324

BLACK (5 men)



WHITE (4 men)

Hubner v. Adorjan, 9th match game 1980. One down with two to go in the world title quarter-final at Bad Lauterberg, Adorjan hoped for recovery when he reached this winning position. Apparently there are two decisive moves for Black (to play)—RxRP and R-QB4. Which is better ?

PROBLEM No. 324

BLACK (4 men)

WHITE (6 men)

White mates in three moves, against any defence (by A. Renn). Earlier solvers enjoyed the gamelike setting of this puzzle, where White has to be careful to avoid stalemate.

Solutions, Page 14

BRIDGE

E. P. C. COTTER

I hope you will enjoy today's hands. The first occurred in a rubber in which I was playing with players of average standard. The bidding was good, and the defence showed imagination:

N
♠ —
♥ A Q 8 5
♦ A 10 9 7 2
♣ Q 10 8 5

W
♠ 5 4 3
♥ K J 9 4
♦ K J 5 3
♣ K 7

E
♠ Q 7 6 2
♥ 10 7 3 2
♦ 6
♣ A J 9 3

S
♠ A K J 10 9 8
♥ 6
♦ Q 8 4
♣ 6 4 2

North dealt at love all, and opened the bidding with one diamond. I replied with one spade on the South cards, and North rebid two clubs—she is, of course, not good enough for a reverse bid of two hearts. When I rebid three spades, my partner did not panic, but showed intelligence and trust by passing.

After some deep thought West chose the club King as his opening lead. East dropped an encouraging nine, won the club continuation with the Knave, cashed the Ace, and led a fourth round. I ruffed with the eight of spades, and West threw a heart, having previously thrown a diamond. I led my heart, finessed dummy's Queen which held, cashed the Ace, on which I discarded a diamond, and ruffed a heart in hand. I crossed to the diamond Ace, led dummy's remaining heart and ruffed it. Now I cut adrift with the Queen of diamonds. West covered with the King, but East, with only trumps in her hand, had to ruff and return a spade. At this point I had just the Ace, King and Knave of spades in my hand, so I played my Knave which held, and my nine-trick contract was fulfilled.

Once West failed to overruff my eight of spades, I had some hope of making the contract, provided that the heart finesse worked. In hands like this we sit back on our trumps, snatch a ruff or two, and await the hoped for endplay.

The second hand occurred in a first class pairs event, and illustrates that perfect timing which is essential in hands of this type:

N
♠ A 7 5
♥ Q 10 6 2
♦ 9 5 3
♣ K 7 6

W
♠ 4
♥ A J 9 7 5 4
♦ Q 10 6 2
♣ 8 4

E
♠ 8 6 3
♥ K 8 3
♦ K J 7
♣ 9 5 3 2

S
♠ K Q J 10 9 2
♥ —
♦ A 8 4
♣ A Q J 10

With both sides vulnerable, South dealt and bid two spades, which is forcing for one round. North replied with three spades, which shows normal trump support and guarantees an Ace. South, confident that North must hold the trump Ace, bid four clubs, North showed second round control—here the King—by his response of five clubs, and South went six spades.

A singleton trump is not the recommended lead against a small slam, but West finally decided that a trump lead was the least dangerous, and led his four. The declarer is faced with two possible losers in diamonds, but in this classic position there is one hope of salvation, even if the trumps break 3-1. Winning the lead in hand, the declarer led a low diamond, and ducked in dummy, the Knave won, and East returned a diamond. South took his Ace, cashed the spade King, and received the bad news when West threw a heart.

In this partial elimination (*East's trump cannot, of course, be drawn*) declarer has to assume that East with the long trump holds also four clubs. He cashed four club tricks, throwing a diamond from the table. When East followed to the fourth club, there was no further problem — South's losing diamond was ruffed in dummy, and declarer claimed the rest of the tricks.

ENTERTAINMENT GUIDE

THEATRES

ROYAL COURT THEATRE UPSTAIRS 730 2554. Last Perf Tonight 8 SEDUCED by Sam Shepard

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STRATFORD-UPON-AVON. Royal Shakespeare Theatre (0789) 292271. Tickets immediately available for RSC in ROMEO AND JULIET tonight, tomor. mat., June 17. AS YOU LIKE IT June 16, 19, 20. Recorded booking info (0789) 69191.

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THEATRE ROYAL. Drury Lane 836 8108. SWEENY TODD. Broadway smash hit Musical. Red. price previews June 28, 2.30, 7.30, July 1, 7.30. *Opens July 2.* Group Sales Box Office 379 6061.

VAUDEVILLE. [illegible]

VICTORIA PALACE. [illegible]

WAREHOUSE. [illegible]

WHITEHALL THEATRE. [illegible]

WINDMILL. [illegible]

WYNDHAM'S. [illegible]

THEATRES

YOUNG VIC. 01-928 6363. Evs. 7.30. Sat. 4.30 & 8. ROSENCRANTZ AND GUILDENSTERN ARE DEAD.

CINEMAS

ABC 1 & 2, SHAFTESBURY AVE. 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1: THE WANDERERS (X). Wk. & Sun. 1.30, 4.40, 7.55. Late show Tonight 11.00. 2: FRIDAY THE 13th (X). Wk. & Sun. 2.00, 5.15, 8.20. Late show Tonight 11.20.

CLASSIC ENTERTAINMENT Teledata 01-220 0200.

CLASSIC 1, 2, 3, 4, Chelsea, King's Rd. 352 5096. Last performance bookable. 1: LA CAGE AUX FOLLES (AA). Progs. Sun. & Wk. 2.20, 4.25, 6.30, 9.05. 2: THE LONG WEEKEND (AA). Progs. Sun. & Wk. 2.40, 5.25, 8.25. 3: KRAMER Vs. KRAMER (A). Progs. 2.40, 5.25, 8.20. 4: THE TEMPEST (AA). Progs. Sun. & Wk. 3.00, 5.45, 8.50.

CLASSIC 1, 2, 3, Haymarket (Piccadilly Circus Tube). 01-836 1527. 1: HURRICANE (AA). Progs. 1.10 (not Sun.), 3.30, 5.55, 8.20. 2: BAD TIMING (X). Progs. 1.00 (not Sun.), 3.05, 5.40, 8.10. 3: THE WANDERERS (X). Progs. 1.00 (not Sun.), 3.25, 5.50, 8.15.

CLASSIC 1, 2, 3, 4, 5, Oxford St. 01-636 0310 (opp. Tottenham Court Rd. Tube). Fully Air Conditioned. 1: GREASE (A). 1.15, 3.05, 9.05. SATURDAY NIGHT FEVER (A). 3.10, 7.10 in Dolby stereo. 2: THE GREAT ROCK 'N' ROLL SWINDLE (X). Progs. 1.00, 3.30, 6.05, 8.30. 3: GONE WITH THE WIND (A). Sep. perfs. 2.15, 7.00. 4: AMERICAN GIGOLO (X). Progs. 1.10, 3.30, 5.55, 8.25. 5: THE LORD OF THE RINGS (A). Sep. perfs. 2.00, 5.00, 8.00.

CLASSIC. Leicester Square. 01-930 6915. THE VICTORS (X). 2.30, 5.50, 9.05. TEXAS CHAIN-SAW MASSACRE (X). (London) 1.00 (not Sun.), 4.10, 7.25.

CURZON. Curzon Street W1. 499 3737. GET OUT YOUR HANDKERCHIEFS (X). [illegible]

ODEON HAYMARKET. [illegible]

ODEON LEICESTER SQUARE. [illegible]

ODEON MARBLE ARCH. [illegible]

PRINCE CHARLES. [illegible]

STUDIO 3. [illegible]

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BLOND FINE ART, 33 Sackville Street W1. 437 1230. Paul Nash paintings watercolours & prints. Until 19 July.

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FINE ART SOCIETY, 148 New Bond St. W1. 629 5116. The Art of Frank Brangwyn.

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LEFEVRE GALLERY, 30 Bruton St. W1. 01-493 1572-3. An Exhibition of EDWARD BURRA. Paintings from America. Mon.-Fri. 10-5. Sat. 10-1.

LUMLEY CAZALET, 24, Davies St. W1. 499 5058. 20th CENTURY ORIGINAL PRINTS — Braque, Chagall, Matisse, Picasso.

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Saturday June 14 1980

Britain on the Iceberg route

MOST OF the determined sailors on the Observer single-handed trans-Atlantic race take the northerly, Great Circle route. They know that it courts encounters with gale-force headwinds, icebergs and fog. But they also know that it is the most direct route to their objective.

It is in something of the same spirit that Mrs. Thatcher this week reaffirmed her commitment to the Government's chosen strategy against inflation. They will not be deterred by the recession which has clearly set in, or by the consequent rise in unemployment, because she and her Ministers have always known that these risks were inherent in a sternly monetary approach. Indeed, when the other actors in the economy refuse to recognise what monetary restriction means, recession and unemployment become, for an unpleasant period, the means by which the objective is achieved. As a Treasury official once sourly put it, if the British will only face a crisis when they have their backs to the wall, the only strategy open to a Government may be to build a wall and back people up against it.

Stock cuts

Manufacturing industry has been running out of room for manoeuvre for some time, under the pressure of foreign competition reinforced by a drastically over-valued exchange rate. The results are becoming daily more evident, as even successful and profitable companies are forced to close down one activity after another, ranging from such obviously exposed industries as steel and textiles to seemingly more sheltered domestic sectors such as confectionery, biscuits and photographic film. The difficulties caused by foreign competition have recently been intensified as retailers, caught between disappointing sales and the high cost of finance, have been cutting their prices and their orders in an effort to reduce stocks. The fact that a sharp stock recession has been widely forecast does not make it any less unpleasant and alarming when its sets in.

The good news is that the recession now seems to be having some impact on prices. The rise in the retail index reported yesterday was significantly lower than expected; it is now possible that the rate of inflation has peaked a month early—for in August, when the effects of the VAT increase of last year disappear from the figures, the reported inflation rate will fall whatever is happening to the underlying performance. If the underlying rate is indeed falling at the same time, the fall in the second half of the year could be rather sharper than most forecasts have yet suggested.

In the private sector, then the policy is beginning to work, though at what now threatens to be a high real cost in output and employment. The Government's worries are now much more concentrated on the public sector, where the news so far is not at all encouraging.

Cash limits

When they took office, Ministers seem to have hoped that cash limits would have very much the same effect in the public sector as monetary policy has achieved in the private sector, enforcing economy, efficiency, and perhaps cut-backs. It has not worked like that.

Wherever possible, public industries and services have raised their prices, limiting borrowing at the expense of the consumer. Cash limits have themselves been fudged to accommodate enormous pay increases — largely the adjustments required to unwind the distortions caused by earlier incomes policies, but now in danger of creating reverse anomalies. Local authorities, now largely controlled by the Government's political opponents, appear to be overspending. Recent speeches, now followed up with a sharp cut in the promised pay of MPs and a threat to freeze local authority construction, signal a much more interventionist approach from now on.

This new determination may explain what is otherwise puzzling behaviour in the markets; for despite disappointing banking figures and a sharp rise in the money supply, the gilts market has actually risen during the last week. Like equities, they reflect the hopes for a fall in interest rates — and, to judge by market reactions, a consequent easing in the exchange rate. It is true that the collapse of U.S. rates, and enhanced American buying in London, has also supported the market, and the easing of money market rates offers no comfort at all — it is simply due to unexpectedly high Government disbursements.

Stern action

For the longer term, however, stern administrative action to check public spending and public pay settlements would be good news for the rest of the economy. The rise in charges, which has contributed more than its share to inflation, should ease; and interest rates could reflect and relieve the depressed state of the private sector, instead of being held up by the need to finance public over-spending. Recession without financial relief — our present state — means excessive pain.

Banks and building societies set for High Street battle

BY MICHAEL CASSELL and MICHAEL LAFFERTY

BRITAIN'S BANKS are taking on the building societies, and the societies have not yet made up their minds how to respond to the attack. However the building societies recognise that they face an increasingly tough struggle to hold their ground in the personal savings market and the home loans business.

The threat of open warfare between the clearers and the societies has been raised by the impending abolition of corset controls on the growth of bank business.

Mr. Brian Pearse, a general manager with Barclays, recently summed up the position as follows: "If in the 1970s we failed in one area of our business it was to persuade our personal depositors that they were wanted. This we must remedy in the 1980s."

While the threat from the banks is accepted, the building society movement's leadership has so far confined its reaction to renewed calls for improving its traditional services. Mr. Leonard Williams, chairman of the Building Societies Association, told a meeting of mortgage brokers in May that abolition of the corset could see the banks competing vigorously in the personal sector for deposits and home loans.

If this happened, he said, the societies "would be bound to respond." But all that would entail, according to many societies, would be a polishing up of existing marketing efforts, and a re-appraisal of schemes designed to attract funds from their traditional market place.

Thus Mr. Clive Thornton, chief general manager of the Abbey National, comments: "I accept that we face intense competition from the National Savings movement and the banks, but we have all become far too steamed up about it.

"We are not interested in the banking business, in the volatile money it brings with it, in current accounts, cash cards, or credit cards. We wish to remain savings and loan organisations, not develop into mortgage banks."

All the indications are that the clearing banks are planning a big move into the mortgage market which until now has been almost totally dominated by the building societies. The banks will also be launching new schemes, or "savings instruments," in an effort to regain dominance in the personal deposits market, long lost to the building societies.

However, the strategy involves far more than the regaining of lost territory. At its heart lies an increasing recognition within at least some of the clearing banks that the time has come to extend their business into the ranks of the Great Unbanked—the 45 per cent or so of British adults who do not have cheque accounts.

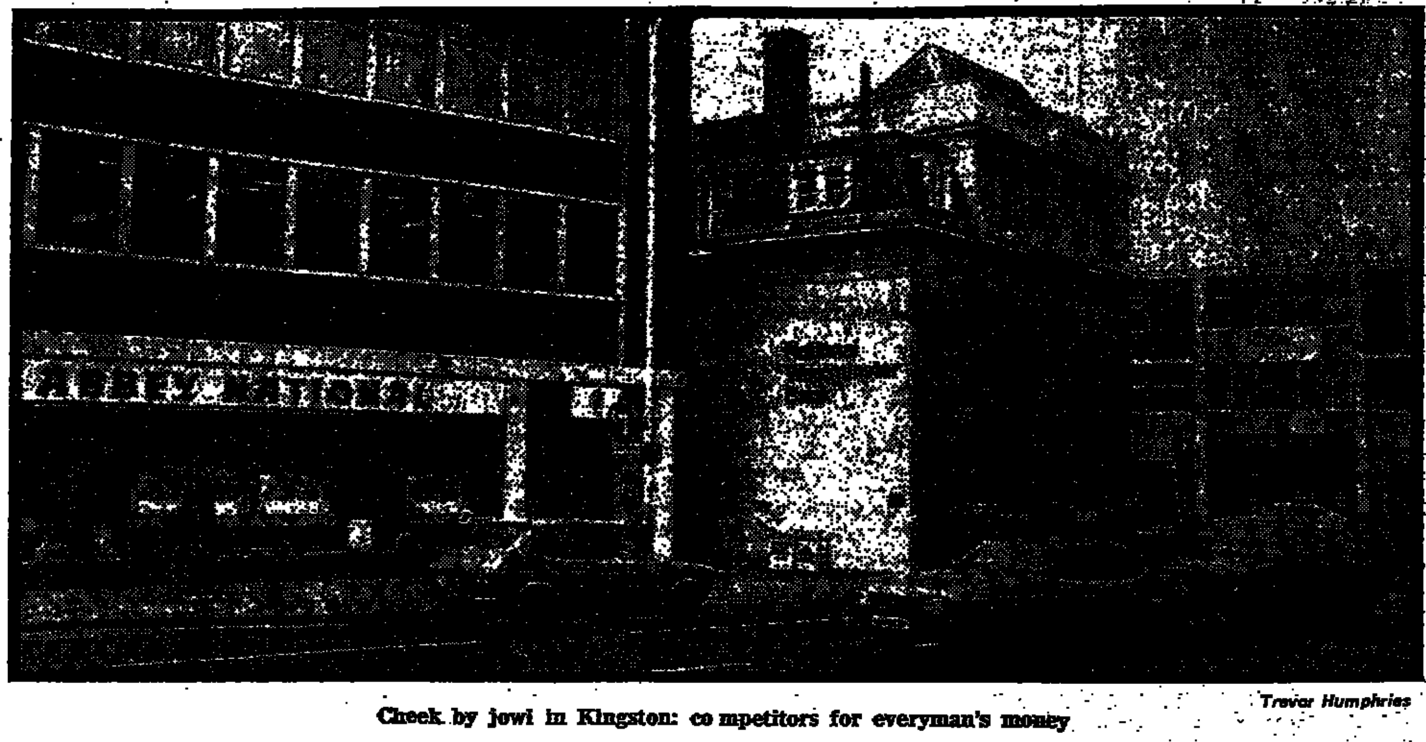
Among the first people likely to be courted by the clearers will inevitably be the estimated 40 per cent of existing building society investors who have so far managed without a bank current account.

The question the banks are increasingly asking is what reaction can they expect from the building society movement. Some bankers expect a fairly easy ride, claiming that the "uncommercial" building societies will be no match for what they see as the banks' brand of hard-nosed competition. But others are wondering whether the building societies may be provoked into taking the clearing banks on at their own game by entering the retail banking market.

The process of poaching on each other's territory has already begun. Encouraged by the belief that the home loans market is an expanding and highly profitable business, a number of banks have in the past year made cautious moves into mortgage lending. Notable among these have been Lloyds, which has announced two separate schemes, Midland and the Trusteee Savings Banks. The two largest commercial banks in the UK, Barclays and National Westminster, are expected to announce plans to enter the home loans market in the next month or so. One bank at least is likely to launch new savings accounts comparable with those now available from building societies.

Some bankers expect a fairly easy ride

Penetration of the building societies traditional market has been impressive. While in 1978 the banks managed to account for around 4½ per cent of mortgage advances, that had risen to just under 10 per cent by the end of last year.



Cheek by jowl in Kingston: competitors for everyman's money — Trevor Humphries

The banks have made no secret of their intention to become more involved in mortgage business. Some building society executives believe that their competitors could take up to one-third of the total new lending market in the next few years.

Since 1950 the societies have pushed up their share of personal sector savings from less than 10 per cent to something in the region of 50 per cent last year, so that they have become the first and natural home for many people's savings. The position of the banks has declined slightly over the same period. They now account for around 30 per cent of personal savings. Bankers realise that the building societies' step from being a collector of personal deposits to that of an all-round banker to the man in the street is not a large one.

Their uneasiness will not have been allayed by the first signs that services more traditionally associated with banking have emerged from the ranks of the largest building societies. Great interest has already been stimulated by the recent decision of the Halifax, Britain's largest society, to experiment with cash dispensing, or automated teller, machines.

Bankers will no doubt have been comforted, however, by last month's news that the Bradford and Bingley Building Society, eleventh largest in the UK, is to penalise customers who operate their deposit accounts as if they were bank current accounts. The society has told 1,500 depositors that they will have to accept a 7 per cent rate of interest, against 10½ per cent on normal share accounts or take their money elsewhere.

The Bradford and Bingley move is a pointer to the reluctance of many societies to engage in outright competition with the banks. They accept that their ability to compete in the provision of full personal banking services has been substantially enhanced in the wake of heavy investment in computerised systems, capable of coping with automated transfer of funds. However, many regard the step from offering a specialised savings and mortgage service to full service banking as unnecessary, if not impossible. Some societies believe the costs involved to be prohibitive, although others remain confident that given their record of efficiency and strong customer links they could happily take on the banks and beat them at their own game.

Foreign bankers interested in the British retail market believe the societies are capable of making the transition. Indeed the thought of some link between a U.S. bank and a British building society has crossed at least one American banker's mind.

Many society executives believe that the answer to the challenge for deposits and for mortgage business lies not only in a continuous fine-tuning of the present schemes offered by the societies but in a move towards the establishment and maintenance of fully competitive investment and borrowing rates.

Opinions are divided on whether or not the societies should aim for interest rates that are high enough to generate sufficient funds to satisfy all mortgage demand—which they estimate would imply a mortgage rate 2-3 per cent higher than at present.

Such a policy could perhaps undermine any attempt by the banks to take a bigger share of the societies' business but at the same time it would have major implications for the way in which building society operations are treated by the Government and almost certainly spell the end of an interest rate cartel which already looks very shaky.

Delegates to the recent building societies' annual conference heard Mr. Nigel Lawson, Financial Secretary to the Treasury, say that if the societies' whole pattern of behaviour was to change—"if you were to compete aggressively with the banks for deposits by raising your relative interest rates."—then the Government would need to think again about the place of societies in the monetary system and could have to introduce new controls.

But if the societies are hoping for clearer indications of official attitudes to the question of whether they should become more like retail banks, they may have to wait until competition hots up in the market-place. The Government may well prefer to see one or two societies experimenting more in personal banking before making its stance clear.

One factor which might influence that decision is the undoubted need for far greater competition in the UK retail banking market-place. At present bank customers have little to choose between any of the clearers; their services are virtually identical, and the centrepiece of the money transmission service which they run is the current account.

People who want to have cheque accounts need current accounts. If they have surplus funds these do not attract interest and the banks do not promote automatic transfer to deposit accounts. On the other hand, people with overdrafts normally pay between 3 and 5 per cent over bank base rate for the facility.

Any effort to transform the building societies into banks might see them being brought within the provisions of the Banking Act, and becoming subject to the same capital adequacy and liquidity requirements as the banks. They could also be covered by any new restrictions on bank lending.

The clearers also want to see the abolition of the composite rate of interest, under which all building society interest is deemed to be paid net of tax at the standard rate even though the societies in turn only pay over interest to the Revenue at a rate in the region of 20 per cent. The interest rate advantage is calculated each year based on the proportion of building society deposits which are deemed to relate to people who are not subject to tax. The effect of its operation is that non-taxpayer depositors with the societies could be deemed to be subsidising the higher rate taxpayer depositors.

But the clearing banks have a golden opportunity to bring about the end of the composite rate themselves, simply by getting the non-taxpaying building society depositors to switch their deposits over to banks where they can get significantly higher rates of interest without any tax deduction.

The fact that the banks have not advertised this great advantage to non-taxpayers suggests that they may fear a large scale switch of some of their own current account balances to deposit account.

One thing is clear. The structure of the British banking market-place is changing. The clearing banks will be pursuing the customers of the building societies both for deposits and mortgages. The strength and scale of the societies' counter-attack is likely to depend on just how vigorously the banks seek to achieve their goals.

The need for far greater competition in the UK banking market-place

There are many international examples of how far savings and loans organisations have, either by choice or through need, driven deep into traditional banking markets. Perhaps the best example is the U.S. where recently-enacted legislation effectively removes the distinction between savings and loan bodies and banks.

When outright competition between the banks and the building societies finally comes, the main beneficiaries should be their customers. Existing bank customers could do with better service, a wider range of facilities, and a better deal for balances left on current account. Staff on both sides would no doubt be encouraged to pay more attention to customer needs. Most of all, perhaps, such competition might within a decade bring the advantages of "banking" to Britain's vast unbanked population.

Letters to the Editor

Water authorities

From the Secretary,
The National Chamber of Trade

Sir,—I read with interest the article by Elinor Goodman (June 11). The National Chamber of Trade has been expressing concern for some time that, unlike other public bodies, the Water Authorities have no elected members who are directly accountable to the public.

In various submissions we have made since the Water Authorities were created, and as recently as last year to the Minister (Mr. Tom King), we have complained about the lack of adequate representation in the water industry. We have put forward positive proposals for the appointment of advisory committees.

We are aware of the present Government's laudable wish to curb the growth of quangos and unproductive bureaucracy which would no doubt account for the minister's point to ourselves last year that he felt "the line has to be drawn somewhere and I do not believe that there is sufficient reason to increase still further local authority representation on the Water Authorities." The comments of our members (in hundreds of Chambers of Trade and Commerce and thirty-three trade associations) would seem to reason otherwise.

For some time we have had strong indications that Water Authorities are too remote and should be more directly accountable to the various communities which they serve; and last year's Water Authority Constitution (Amendments) Orders did little to change that situation. The earlier orders defined the constitutions of the various water authorities and provided that they should consist of thirty-five members, of whom nine were to be appointed by County Councils and nine by groups of District Councils. The more recent orders increased the District Council's representatio nto ten, but we believe that is still not enough. Representation on Water Authorities should be increased to match the increasing resource and financial responsibilities that now devolve on the Authorities.

We ar epleased to note from your article that the Minister seems to be coming round to our view at last and now look forward to further consultation with the Department when we can develop and explain our arguments.

Bernard Tennant,
Enterprise House,
Henley-on-Thames, Oxon.

Cigarette hazard

From the Director, ASH action on smoking and health.

Sir,—I have watched with great interest to see how your readers would respond to the incredible attempt to justify tobacco advertising made by Ronnie Kirkwood ("A defence of cigarette advertising" May 29). I now feel it is time to examine the article from the viewpoint of preventive medicine.

Firstly, perhaps we can get the medical problem in perspective. We are dealing with Britain's largest cause of preventable illness and death; and the advertising of a product which will kill a quarter of those who use it all their adult lives, losing each on average 10-15 years of life. There is quite simply no comparable product on the market and even Mike Waterson of the Advertising Association ("The freedom to advertise" June 5) seemed to acknowledge this.

Secondly, even if Mr. Kirkwood sticks doggedly to the utterly discredited Metra report (he should have read your own newspaper's report on it) the whole basis of this argument is false. As Mr. McGuinness points out in his letter of June 5, the prime concern about cigarette advertising—and packaging—is its capacity to maintain a healthy, socially acceptable image for our greatest cause of personal ill health and consequently to erode medical advice and health education about smoking.

No-one is suggesting that an advertising ban alone will make a serious reduction in consumption. Furthermore, it is ludicrous to take the case of Italy—sums for tobacco advertising in Italy even appear in international analyses of advertising expenditure. More important, the "ban" was motivated by the wish to protect the Italian Government's tobacco business, not as part of any health strategy. Perhaps Mr. Kirkwood's worst inaccuracy—and a man in his position is surely entitled to be briefed rather better by the tobacco industry—is the case of Norway, which has enacted a comprehensive policy to reduce smoking. The weight of tobacco smoked per adult has steadily declined since enforcement of the Act, yet by excluding the traditionally high proportion of hand-rolled tobacco smoked in Norway, the industry tries to demonstrate a rise in smoking—in fact merely a rise in that part of sales represented by manufactured cigarettes.

Lastly, I find Mr. Kirkwood's treatment of the medical evidence nothing short of breathtaking. Having paid lip service to it (incidentally, the deaths solely attributable to smoking are probably nearer to 95,000 per annum) he goes on to repeat the industry's tactic of suggestively doubting the firmness of epidemiological evidence.

If the entire medical establishment accepted it over two decades ago, I fail to see how Mr. Kirkwood can sleep soundly at night after writing as he did in his article. Let him heed the view of the World Health Organisation's Expert Committee on Smoking Control, whose report was published a year ago: "The international tobacco industry's irresponsible behaviour and its massive advertising and promotional campaigns are, in the opinion of the Committee, direct causes of a substantial number of unnecessary deaths." I would suggest this irresponsibility now extends to the advertisers themselves.

David Simpson,
27-35 Mortimer Street, W1.

Centre wing party

From Mr. L. C. T. Cottrell.

Sir,—While the article by your U.S. Editor (June 11) on the tedium of the forthcoming Presidential election is very informative, it concludes surprisingly with a reference to a centre wing. This phenomenon, while no doubt originating from a three legged species in the Isle of Man, might well become the symbol of Mr. Roy Jenkins' proposed new party, which would then tend to fly in ever decreasing circles.

L. C. T. Cottrell,
Sheriffmuir, The Highlands,
East Horsley, Leatherhead,
Surrey.

BBC's orchestra cuts

From Mr. F. E. G. Pirouet.

Sir,—In the debate about the disbandment by the BBC of five of its orchestras one factor appears to have been overlooked the declining use which the Corporation has been making of them. On the evidence of the published radio schedules for the first quarter of the year two of the orchestras, the BBC Symphony and the Scottish Symphony broadcast on average three times a fortnight and the Northern and Welsh Orchestras each averaged just over two broadcasts a week. Furthermore a substantial number of these performances occupied far less broadcasting time than the average public symphony concert.

Time was, before the expanded Radio 3 came into operation in the 1960s, when the orchestral flagship, the BBC Symphony Orchestra, broadcast at least twice nearly every week and often three times. This was achieved by the simple expedient, which made artistic as well as economic sense, of repeating one programme in its entirety.

That the BBC has over the year performed a great service in its patronage of the living composer is undeniable, but it is arguable that the present policy which allows young composers a single hearing of a new work before confining it to the library shelf is unfair both to the composer, to the musicians who have assimilated the work at rehearsal, and to the listener who is unlikely to come to grips with a piece at one hearing.

There would appear to be at least some scope for economy therefore in going back to the former policy of repeating programmes thereby improving the ratio of broadcasting time to rehearsal time.

Further evidence of the declining use made by the Corporation's Music Department of its assets can be found in the changing face of the Promenade Concerts. When the Corporation took the concerts over the same orchestra performed every night; in the 1950s the share undertaken by the Symphony Orchestra averaged out at about half the total; in the last three years the proportion has fallen to about a third and of the 19 appearances it is scheduled to make this year several are for only half a concert with other performers taking up the rest of the evening.

At the same time the concerts have been much reduced in length and ticket prices, pruned of VAT, increased substantially faster than justified by inflation. The prospectus is now an extremely extravagant publication costing more than 30 times as much as its pre-war equivalent.

Without going back to the one orchestra concept which applied for nearly 50 years a Corporation in severe financial straits ought to be able to promote this series more economically without impairing artistic quality.

Recent Controllers of Music at the BBC have given the impression of forever striving to outdo themselves regardless of cost. Now it has caught up with them but at the expense not of the administrators but of the musicians.

The corporation might in the long run do better to retain its musicians, and to appoint a new Controller with strict instructions to make the most of the assets at his immediate disposal.

F. E. G. Pirouet.
185, Barrett Wood Lane,
Ashtead, Surrey.

Yards per gallon

From Dr. W. R. Vezin

Sir,—Your correspondent Mr. T. P. Kelly (June 10) asserts the possible small, but real, savings achievable by purchasing petrol in the early morning when, he says, it is colder, hence denser, resulting in a higher energy content per unit volume purchased.

Before we queue for petrol in the early hours, however, he is right to point out that temperature variation in the underground storage tanks of filling stations may be low *vis à vis* the air above. In fact, diurnal temperature changes are virtually zero more than 2 feet underground—seasonal variation not being measurable below 70 feet.

The annual temperature variation experienced at the level of most storage tanks in the London area (10-12 degrees C) would mean that purchasing petrol at its lowest temperature, only in the winter or early spring, would result in a "mileage advantage" for the average car of less than 300 yards a gallon (50 metres per litre), or about a halfpenny in the pound.

This will be more than offset by the 5 per cent or so rise in the price of petrol, in real terms, that will take place while we wait for winter.

W. R. Vezin,
Beecham Pharmaceuticals,
Great Burgh,
Epsom, Surrey.

Gaddafy's cultural revolution in Libya

By PATRICK COCKBURN, recently in Libya

THE LIBYAN Revolutionary Committee's threat, made known yesterday, to kill two of Colonel Muammer Gaddafy's opponents in London shows how confused the situation has become, both in Libya and abroad. As a result Mr. Musa Kousa, head of the Libyan mission in London, was last night expelled from the UK.

Last week Colonel Gaddafy promised "a bloodbath" among Libyan dissidents who did not return home by June 11. That was not an empty threat. Within hours of the deadline expiring a Libyan was shot and wounded in the streets of Rome by a gunman shouting "Gaddafy! Gaddafy!" A few hours later another was shot dead in Milan. Before the deadline, nine dissidents had been killed by gunmen over whom the Government claimed to have no control.

About the same time as the shootings in Milan Col. Gaddafy suddenly called for an end to the liquidation of exiles, except those who collaborated with the U.S., Israel and Egypt.

These attacks abroad are only a small part of a sweeping purge now under way within Libya. Every night in Tripoli and Benghazi gloomy, if impassive, Libyans watch show-trials of officials on television. The accused are invigilated by a Revolutionary Committee before an invited audience which periodically interrupts the proceedings to shout slogans and denunciations. It is fair to say that many of the accused are unquestionably guilty of corruption.

Fear of arrest for corruption or political dissidence has already paralysed parts of the economy. Libyans do not want to put their signatures to any order or invoice which might later give rise to accusations of corruption. Few new contracts have been awarded in the last two months.

Libyans have good reason to be afraid. Some 1,800 are under arrest and executions are thought to be running at about 10 a week, though neither figure can be checked. In the last year 800 Libyans are widely believed to have disappeared or been executed.

Over the years Col. Gaddafy has had a taste for bloodthirsty rhetoric. It is often said that his bark is a great deal worse than his bite. International adventures, like the disastrous bid to prop up Idi Amin in Uganda in 1979 and the Gafsa raid into Tunisia earlier this year, have hit the headlines.

Such melodramas have drawn attention away from the significance of the social and political

Aid for the PLO has been cut off: it is not militant enough

revolution that Col. Gaddafy has launched. The country resembles China in the throes of the Cultural Revolution. The institutions of the state are being attacked by the leader himself. An egalitarian democracy is to be set up. Revolutionary Committees play the role of the Red Guards in China. Nobody in Tripoli knows quite where their authority ends and that of the Government begins.

Libya's allies among the hardline Arab states have a similar problem. It is impossible to know how long any agreement or alliance signed in Tripoli will last. Militants such as Syria and the Palestine Liberation Organisation suddenly find support cut off because they are not militant enough. Libya's utter intransigence limits its influence, but at the same time it helps to keep the political air of the Middle East electric.

In OPEC Libya's militancy is always significant, though now so traditional that it causes little comment. But even before the Arab-Israeli war of 1973, Libya began to force up oil prices by squeezing independent oil companies which had no alternative source of supply. Higher oil prices last year have allowed the Government to cut production to 1.75m barrels a day and the current emphasis on revolutionary zeal means a tougher deal for the western oil companies with production and exploration agreements. But, even today, Libya's oil reserves amount only to 25bn barrels.

Officially Colonel Gaddafy has resigned as head of state and from all other postions to devote his time to "revolutionary work." In fact he acts as a sort of Mahdi (spiritual and temporal leader) with near-absolute control of the forces on which he relies to create his Messianic vision of a new Libya. In 1977 he first launched his campaign for people's democracy and against the Libyan middle class. When popular committees lapsed into apathy Revolutionary Committees were set up at the end of last year.

Many of Colonel Gaddafy's aims are estimable. He has never been satisfied with running a typical oil state. With the Libyan population only 3m and oil revenues of $15-18bn last year that would have posed few problems.

Instead, Colonel Gaddafy wants a country in which Libyans are not dependent on oil, where they work in factories and on the land instead of comfortably depending on the ½m non-Libyans who make up 50 per cent of the workforce. In what is basically a caste society his vision seems impossible.

The private sector has been wiped out. Every family is allowed only one house and renting property to expatriates. previously a prime source of income for middle-class Libyans, is now reserved exclusively for the state. Bank deposits of individuals were limited to LD 10,000 (£14,285) in 1978.

Col. Gaddafy: Libya's head of state has officially resigned, but still has near-absolute control.

This inevitably led to currency hoarding. To stop this the Government decided last month to nullify the currency. Old money had to be deposited in a bank where all but £1,500 was frozen.

Long queues formed outside every bank, some reluctant depositors waiting nine or 10 hours. Farmers from the countryside brought van loads of currency into Tripoli. In a few cases dinar burning parties were held, but in general the whole operation went smoohtly. This docility is all the more remarkable since the frozen deposits will be doled out only in cases of emergency. All shops are to be closed and replaced by vast modern supermarkets.

In theory the social and cultural revolution aims to creafe a new Libya with heavy industry and more extensive agriculture capable of standing on its own when oil runs out towards the end of the century. To develop the country expenditure of $263bn is planned over the next 20 years.

Even before the present revolutionary changes all was not going well. In development areas only 9 per cent of industrial labour force and 20 per cent of the agricultural labour force is Libyan. In addition to 32,000 European expatriates (6,000 of whom are British) the semi-skiled and unskilled labour force is dominated by non-Libyans, including 100,000 Egyptians and 70,000 Pakistanis.

With the purges sweeping away the thin layer of trained and qualified Libyans running state organisations and industries, the situation has become dramatically worse in the last six months. Every sector of the economy is being hit by sudden and ill-organised conscription into the army. For instance, one oil company found that of 143 trained Libyan operators and craftsmen only 56 were at work. Of the others, no fewer than 67 had been called up for military service or were missing

Difficulties are increased by Col. Gaddafy's sudden declarations of policy. At the end of last year he stated that every truck driver should own his own truck. By the following day the police were stopping trucks, looking at the log book and, if the driver was not the owner, immobilising the vehicle there and then.

Western technicians are increasingly reluctant to go to the country. Three British diplomats and 17 residents were expelled last week. Local housing committees often take over their houses with no warning, depositing furniture outside. "There simply aren't any ground rules any more," one company manager complained It is impossible to tell when the police will pounce. An Italian leaving Tripoli airport was picked up with some extra dollars in his back pocket. Legally, he should have declared them before entering Libya. He was given 18 months in jail.

The result is economic chaos. Training and education are disrupted by conscription and this sets back efforts to Libyanise the workforce. A methanol plant near Mersa Brega, opened six months ago, has so far operated only for 20 days. The general economic plan over the next 20 years is to bridge the gap between the two main centres of population at Benghazi and Tripoli by building up a hydrocarbon industry on the Mediterranean coast.

Because of over-use in the cities, water is running out, so a big shift of population to the far

Gaddafy can rely on a deterrent battalion drawn from his tribe

south of Libya, where water can be pumped from under the desert, is projected. The problem is that few Libyans have the slightest desire to live and work in the wastes of the Gulf of Sirte or in the middle of the Sahara. When cereals grown in the later area finally reach the consumer in Tripoli they will have cost up to five times the international price.

The chances of large scale industry—such as a 7m ton a year steel mill at Misurata—being built and operated by an untrained labour force and an inexperienced Libyan management are very poor. But there seems to be little hope of the regime backing away from these grandiose schemes.

Mounting economic chaos, a generalised attack on the trading class, arrests, executions and mass conscription, combined with the hostility of all Libya's neighbours, might be supposed to be sufficient ingredients to put the continuation of Col. Gaddafy's regime in doubt. Yet there are few signs of an organised opposition.

The lack of revolutionary fervour, the general apathy, among Libyans—which Col. Gaddafy has so often berated—is itself a safeguard for the regime.

There have been some stirrings in the army, anti-Government leaflets distributed in Benghazi and the southern capital of Sebha and a shoot-out in Tobruk but little to prove that disaffection will turn into revolt. On the other hand the failure of the intervention in Uganda in which 400 Libyans were killed and 200 taken prisoner sharply increased worries about where Colonel Gaddafy's foreign policy was leading. Mass conscription and postings to the border with Egypt are particularly unpopular.

The army's officer corps has itself been frequently purged, while Colonel Gaddafy can ultimately rely on his "deterrent battalion" (much larger than a normal battalion) set up last year and drawn from his own tribe of Gaddafah in the Gulf of Sirte. Arrests and executions have helped to eliminate effective opposition.

For a long time the Libyans, including the very rich, tolerated their country's bizarre foreign policy escapades so long as they could continue to make money. And when the revolution which Colonel Gaddafy had for so long tried to export was redirected for internal consumption, they had left it too late.

Against Colonel Gaddafy's singleness of purpose, if not fixity of vision, there was little they could do. Too many of his enemies were on the make, and frequently on the take, to pose a real threat to his authority. It is possible that Colonel Gaddafy's continually frustrated extremism will drive him to such lengths that he will be overthrown by an army coup, perhaps with Egyptian intervention. But so far that is only conjecture.

Weekend Brief

News of a salmon glut in time for the picnic hamper season . . . a new Mr. Cut-price in travel . . . and television's news from space satellites.

Intasun chairman Harry Goodman: travel's high flyer.

Glyn Genin

Salmon market in the pink

Gourmets and gourmands who have watched the price of caviar and lobster move faster upward than even the UK inflation rate, can take heart at the latest bulletin from the delicatessan front: the price of smoked salmon is expected to go down this summer. Not only is there a glut of salmon on the Pacific coast of America, from whence originates a good half of the delicacy consumed in this country, but early market intelligence from Scotland and Ireland, which supply the other half suggests their salmon will also be running thicker, fatter and faster this year than ever before.

According to Michael Hyman, managing director of Goodfare Products, the Manchester company which claims to be Europe's, if not the world's, largest smoker of salmon, this must mean a drop in the wholesale price of smoked salmon. He hopes the retailers will pass it on to we long-suffering consumers.

The reason for the Pacific coast glut, explains Hyman, "is that the American and Canadian Governments instituted massive hatchery programmes several years ago and these programmes are just starting to pay off. The salmon that were launched into the rivers are now returning from the ocean to go up river to spawn, and far more of them have survived than was ever expected. So many are returning, in fact, that at certain times the U.S. fish authorities can be heard broadcasting appeals for fishermen to grab their rods and head for certain points on the river banks where the fish are congesting."

It seems the Pacific salmon goes down particularly well in Britain because of its delicate colouring. "Because the Pacific salmon is caught in the sea, before it starts climbing the river it tends to be a paler pink than Scotch salmon which can only be caught in the river. The salmon's colour increases in intensity the further up the river, and the closer to spawning, it does—immediately before spawning it has become a bright red, and right after it is a brilliant purple. The British consumer likes his salmon a paler pink than most—the Italians like it bright pink and the Japanese prefer theirs almost red."

Hyman's family have been smoking and purveying fine smoked salmon for most of this century, starting out in 1911 from a Manchester grocery and delicatessan called The Titanic.

"Yes, it was called after the ship. My grandfather had decided there was no future in the grocery business in Britain and he set off to make a new life in America. But the ship he emigrated on happened to be the Titanic—he survived the disaster, decided that God didn't want him to go to America, and returned to Manchester to start another grocery shop. He had become quite famous because of his escape and everyone flocked to the shop to see the man who survived the Titanic."

Price cuts and launch pads

Perhaps it was inevitable, but after the invasion of Miami Beach, spearheaded by that curly headed extrovert Mr. Harry Goodman and his ever growing infant Intasun, now comes Waikiki Beach. Goodman a 41 year-old, who wears tinted glasses the size other whiz-kids have tinted windscreens, is tempting the British leisured classes with six months in Honolulu from a basic of £51 a week—air fare and hotel included. Those of us who can only spare a fortnight will have to pay around £450, but even that is about £200 less than anyone else has thought possible so far.

Goodman is at once the bete noir and favourite child of the travel business. A one-time South London travel agent whose horizons were bounded by the limits of suburban Sidcup he branched out into tour operating in the 60s. The building of Sunair into a company sufficiently large for Cunard to pay £1m for it, putting Goodman into the convertible Rolls-Royce class, proved to be just the start of bigger and better things. Thomson, incidentally, later bought Sunair, buried the name and swallowed the customers. It has never since repeated the ordeal of buying out a competitor.

Since then Goodman has built another tour company, Intasun. This new one is bigger than Sunair ever was and, at the present rate of progress, could be threatening Thomson's No. 1 position within a couple of years. It has done this by ruthless price cutting, passionate wooing of the retail trade, and extremely aggressive marketing. Last year Goodman even moved in on another Thomson field, running an airline, by launching Air Europe.

Among other toes he had trodden on are those of Cosmos, the company which once took all the price-cut headlines. Goodman now taunts Cosmos with price comparisons. Most of the sniping at Goodman himself concerns the question of too much cost cutting actually affecting the quality of the product—an accusation he hotly refutes. Cosmos, Intasun and British Airways all lay claim to being No. 2 to Thomson.

Goodman's present policy, nursed along by such industry old hands as Sidney Perez, managing director of Intasun, is to leap in to all the gaps being opened up by the near universal de-regulation. Many of the markets, he reckons, "were there for the grabbing by British Airways" when it had exclusivity but the state airline had neither the will nor the ability to exploit the position.

For all Goodman's flambuoyance and dash, however, he is now cultivating an image of financial respectability, placing an emphasis on corporate rather than personal, profitability and eagerly talking about office systems and controlling overheads. Could this be the talk of someone thinking of coming to the market? Is there perhaps one other travel giant he is eager to prove himself equal to—the now public and highly successful Horizon?

Mr. Turner's cable gamble

It is being called the most audacious challenge to TV network news in the history of American Broadcasting. It is the Cable News Network (CNN), a 24 hours a day, seven days a week all news network, broadcasting via satellite to over 2.2m cable subscribers in the U.S.

CNN is the latest venture of one of America's most colourful entrepreneurs, 41-year-old Robert E. "Ted" Turner, a self-made millionaire whose brand of commercial daring, evangelical idealism and energetic braggadocio have earned him the soubriquet "Mouth of the South." He is also an accomplished yachtsman, winning the America's Cup race in 1977. His other endeavours include a billboard advertising firm, Atlanta's professional baseball and basketball teams, as well as that city's, and nation's, first television superstation, WTBS.

Turner set sail for uncharted waters when he launched CNN. The venture is seen by many in the news business as a tremendous gamble and many doubt that Turner has the financial wherewithal to weather the storm. Start-up and operating costs for this year alone are estimated to total $50m, with $30m earmarked for the news-budget, almost one-fifth the amount that major networks spend on their news operations.

"When I looked at cable a few years back, the missing element was not sports or entertainment, it was news. The network nightly news is nothing more than a headline service," Turner says. He is determined to produce six times the amount of news at a fraction of the cost of the "big boys."

To this end, he has hired a group of highly trained news executives to run CNN's seven domestic and three foreign bureaux. The President is Reese Schonfeld, a 25-year veteran of TV news: former CBS correspondent Daniel Schoor will be chief anchorman of the Washington desk and George Watson, a former ABC Washington bureau chief, will do the same job for CNN.

Arrangements have already been made with UPI-ITN's television news service and 35 independent stations around the U.S. to extend the reach of CNN's operations. While cable news executives admit that they cannot match the networks in journalistic resources and production values, at least initially, their edge comes in the ability to go "live" to a major breaking story free from the traditional time constraints of commercial television.

While the news product of CNN will inevitably be compared with that of the major networks, opinions will not matter as much as whether cable subscribers choose to tune in.

The prospects for cable news are linked directly to the future of the cable television industry itself and today there are over 16m homes in the U.S. hooked up to cable television systems, one-fifth of all homes with television. The number of homes receiving cable programming has doubled since 1973 alone and industry projections reckon that by 1990 over half the homes in the country will be wired to cable.

Paddling in sponsorship

It is a hard world for the organisers of minor sports in Britain when it comes to obtaining sponsorship. Companies, in general, tend to spread their money where the mass television coverage is—golf, tennis, motor and motor-cycle racing. With about £5,000 Alka-Selzer has cured this particular headache for canoeing next week at Nottinghamshire's International Canoe Regatta and—courtesy of the Afghanistan bother—secured an unexpected bargain.

For among the 1,000 canoeists from 19 nations competing at the National Water Sport Centre at Holme Pierrepont, Nottingham, from June 20 to June 23 will be the frustrated Olympic squads of those western nations which are not going to Moscow next month—the U.S., Canada, Norway and West Germany. At Holme Pierrepont they will still meet their Eastern bloc rivals, the Olympic teams of Russia, East Germany, Hungary, Poland, Roumania and Czechoslovakia.

From being the biggest canoe racing event in the world this year, the regatta has become in effect also a mini-Olympics. Canoeing obtained the sponsorship as part of a package which Alka-Selzer has put together to interest BBC TV's Grandstand producers.

For a poor sport, the tentative budget prepared for Canoe '81 is daunting. Based on last year's costs at the world championships in West Germany expenditure is estimated at about £340,000 and income—hopefully including £30,000 from sponsorship — only around £160,000. "I suppose we are regarded as rather down market from such sports as boat racing and sailing in this country," said one organiser sadly.

Down market canoeing may be but it is no cheap sport. A wooden K1 (single-seater) costs up to £600, weighing 12 kilos, a K2 up to £700 (18 kilos) and a K4—11 metres long and 30 kilos —up to £1,300. Moreover, the sport, which started in this country like so many, has right royal beginnings. Racing developed from gentlemanly and presumably not too energetic regattas held on the Thames in the 1860's by the then Canoe Club.

Contributors:
Robyn Wilson
Arthur Sandles
Patti Reali
James MacDonald

Economic Diary

MONDAY—Balance of payments current account and overseas trade figures (May). National Economic Development Council meets. House of Commons debates Brandt Commission report. President of Bangladesh arrives in UK on official visit. EEC Fisheries Council meets, Luxembourg. European Parliament in session, Strasbourg. Confederation of Health Service Employees conference opens, Blackpool.

TUESDAY — Lord Carrington, Foreign Secretary, meets Sir Denis Follows, chairman of British Olympic Association, and 16 other chairmen of governing bodies for Olympic Sports to discuss boycott of Olympics call. Lord Soames, Lord President of the Council, opens Royal Commonwealth Society's conference on "The Commonwealth Forward with Zimbabwa," 18, Northumberland Avenue, London. Index of industrial production (April-provisional). Commons—second reading of Coal Industry Bill. EEC Agriculture Council meeting, Luxembourg. EEC Budget Council meeting, Luxembourg.

WEDNESDAY — Mr. William Whitelaw, Home Secretary, is principal guest at Westminster Chamber of Commerce luncheon, Europa Hotel, London. Average earnings (April) and basic rates of wages (May). Two-day Financial Times conference "European Offshore in the 1980s" opens, Grosvenor House, London.

THURSDAY—Mr. Henry Kissinger gives opening address at two-day conference on Oil and Money, Royal Lancaster Hotel, London. Bank of England quarterly bulletin. UK banks' assets and liabilities and the money stock (mid-May). London dollar and sterling certificates of deposits (mid-May). Cyclical indicators for the UK economy (May). Construction new orders (April). Statement by Sir David McNee, Commissioner of Metropolitan Police, on his annual report for 1979.

FRIDAY—Gross domestic product (first quarter—provisional).

Guinness margins under pressure in first half

REPORTING PRE-TAX profits down from £23.1m to £21.2m for the 24 weeks ended March 15, 1980, Lord Iveagh, chairman of Arthur Guinness, Son and Co., again warns shareholders that the widening world recession makes it more and more difficult to maintain profit growth.

He expects the position at the year-end to be similar to the first half with trading profits close to last year's level, but pre-tax profits reduced as a result of higher interest charges. The strength of sterling could also have a further adverse effect.

First half turnover amounted to £341.3m against £301.2m. The trading profit is £24.2m (£23.2m) reflecting increases from brewing and leisure activities but downturns in general trading, plastics and materials handling and confectionery.

Stated earnings per 25p stock unit are 7.1p compared with 7.9p. The interim dividend is effectively held at 1.575p—last year's total was equal to 4.9p from pre-tax profits of £52.9m.

The chairman says that so far there has not been any significant setback in the level of trading acitivity in group companies and he reaffirms that the group's spread of activities is a sound base for future progress. Generally, the volume of sales is being maintained but margins are being squeezed, he adds.

An analysis of trading profit of subsidiaries before deducting central management costs shows the UK (including exports) contributed £8m (£8.8m), Republic of Ireland (including exports to UK and overseas), £11.1m (£8.3m) and overseas, £5.1m (£6.1m).

	24 weeks 1980 £m	1979 £m
Turnover	341.3	301.2
Trading profit*	24.2	23.2
Brewing	19.1	16.4
General trading	1.5	3.1
Plastics & materials handling	2.4	2.5
Leisure	1.1	1.0
Confectionery	0.1	0.2
Cent. managemt. costs	1.1	0.8
Interest charges	5.8	4.3
Investment income	0.1	0.3
Associates' profits	3.8	4.7
Profit before tax	21.2	23.1
Tax	6.2	7.6
Net profit	15.0	15.6
Minorities	2.5	2.0
Extraord. debits	0.1	†0.2
Attributable	12.4	13.8

* After depreciation £7.8m (£6.7m). † Credit.

UK tax charge was £1.1m (£1.3m), Ireland £2.5m (£1.5m), overseas £1.3m (£2.8m) and associates share 1.3m (£1.9m).

Following the reconstruction of the Harp Lager Group the 1980 results of the new subsidiary companies Harp Ltd. and Harp Lager Brewery (Ireland) are included in the turnover and brewing trading profit whereas for 1979 the group's share of profits of Harp Lager is included in the share of profits of associates.

As a result of disinvestment, J. L. Morison Son and Jones (Nigeria) has changed its status and for 1980 the group's share of its profits is included in the share of profits of associated companies. For 1979 the results of Morison Son and Jones are included in turnover and in the trading profit of the general trading group.

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DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Alpine Drinks	5.29	July 31	4.96	7.7	7.37
Andersons' Rubber	nil	—	2.7	1.15	3.3
Grootvlei Mines ...‡int.	92	Aug. 15	36	—	92
Arthur Guinness ...int.	1.58	Aug. 11	1.58*	—	4.9*
Marievale Mines ...‡int.	55	Aug. 15	40	—	85
Pilkington Bros 2nd int	5.5†	Aug. 14	4.6	10.5†	7.9
Sidlaw Industries ...int.	1.5	Aug. 6	1.5	—	6.72
Wolverhampton Steam	0.5	—	nil	0.5	nil
Jonas Woodhead	5	Aug. 6	4.5	6.5	5.87

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for script issue. † On capital increased by rights and/or acquisition issues. ‡ South African cents throughout.

Woodhead comes back in second half to hold profit at £4.7m

RECOVERING STRONGLY from a £0.64m slide to £1.85m at the interim stage, when directors estimated that the engineering dispute had cost £0.75m, Jonas Woodhead and Sons finished the year to March 31, 1980 with virtually unchanged pre-tax profits of £4.7m against £4.69m. The second-half surplus rose from £2.21m to £2.85m.

Earnings, after tax of £1.1m (£0.74m), are shown down from 27.2p to 24.5p per 25p share, but the dividend is stepped up from 5.8707p to 6.5p with a final of 5p.

Turnover of the automotive products and engineering group rose by £11.2m to £76.3m, and the pre-tax surplus is struck a ter sharply increased net interest charges of £1.23m (£0.7m), but includes the associate's share of £33,000 (£28,000).

Extraordinary debits of £315,000 (£167,000) consist mainly of losses on the disposal of interests in South African subsidiaries.

Dividends absorb £968,000 (£873,000), leaving the retained surplus £600,000 lower at £2.32m.

● comment

After all the dire predictions from the leading motor component manufacturers, it is no surprise that shares in Jonas Woodhead are near the trough of the 1980 trading range at 88p, up 1p yesterday. Yet there is no pressing reason to suggest that the yield of 11.2 per cent is in any danger and the fully taxed p/e of 5.3 appears to account for most of the obvious pitfalls. Easily prominent among these is the sharp volume decline in new vehicle demand coinciding with the start of the second quarter of the calendar year. Woodhead seems unscathed so far and, although it can see the looming problems, the close ties with Ford may help, particularly since it is taking a growing slice of the manufacturer's shock absorber requirements. Additionally, the increased dividend is well covered (at least on an historic basis) and the balance sheet is strong. The CRTM deal has been hanging fire for several months but the go-ahead from the French authorities would open valuable avenues in the EEC to say nothing of the benefits of supplying replacement parts to vehicles imported to the UK from Europe. The proposed purchase of the Amortex range is by no means the limit of Woodhead's acquisitive ambitions.

Gold producers dividends up

South Africa's Grootvlei and Marievale, two of the gold producers in the recently merged General Mining Union Corporation group, announce interim dividends well up to the stock market's best estimates.

Grootvlei's interim of 92 cents (50.7p) matches the amount paid for the whole of 1979 and represents a 155 per cent increase on last year's interim payment, while Marievale's interim of 55 cents (30.3p) compares with the June 1979 payment of 40 cents and a total for 1979 of 85 cents.

Grootvlei's shares eased 4 to 426p and Marievale added 4 to 209p yesterday in a market generally buoyed by rumours that South Africa is to abolish from July 1 stamp duty on overseas purchases of South African shares in Johannesburg.

Tomkinsons down in first half

TURNOVER AND profits at Tomkinsons Carpets, carpet maker and spinner, were both down for the half year ended March 29, 1980.

From turnover behind at £5.96m against £6.5m, the taxable surplus was £41,000, compared with £119,000, although last time there was a temporary employment subsidy of £65,000.

For the whole of the 1978-79 year profits slumped from £408,000 to £73,000—temporary employment subsidy was lower at £65,000 (£255,000)—and the dividend cut from 4.1875p to 2p.

There were no redundancy costs for the six months, against £36,000, and the pre-tax figure came out after interest of £71,000 (£65,000).

Tax for the period took £21,000 (£63,000) leaving an attributable balance down by £36,000 at £20,000.

Despite the general economic climate the directors are confident that the new slimmed down company is better able to make steady progress in a difficult trading environment.

BIDS AND DEALS

£4m offer for Manson Trust

Hong Leong Finance of Singapore is taking its first major step in the UK with the proposed acquisition of a 51 per cent stake in Manson Finance Trust for nearly £4m.

It will subscribe in cash for 9.85m Manson shares at 39p each; the deal is subject to the approval of the City of Takeover Panel, the Bank of England and Manson shareholders.

According to Mr. Geoffrey Hirshman, Manson's finance director, "We want to develop Manson into a commercial banking operation, and this will be an important step in that chain of events."

He said the resulting capital injection of £3.8m from Hong Leong would put Manson's capital above the £5m base now required for authorisation as a bank. Under the latest Banking Act it is a licensed deposit later.

But Manson would not be making an immediate application under the Act, he said. The company's largest shareholder with nearly 29.6 per cent is Green Park Equity Trust, representing the F. L. Smidth interests of Scandinavia which have expressed approval of the deal.

Mr. Quek Leng Chye, Hong Leong's group managing director in Malaysia, said the company was interested in further expansion in the UK, but would need some time to digest the Manson stake. It already has a trading company in Britain.

In the last full financial year for which figures are available—to April 30, 1979—Manson lifted its pre-tax profits from £561,000 to £662,000.

UNICORN BIDDER STAYS SECRET

It may take some time before the identity of the bidder for Unicorn Industries is revealed, even if the two sides can agree terms. The chairman of the abrasives and general grinding equipment manufacturer, Mr. B. G. Ball-Greene, said yesterday that there was "no firm offer on the table." He admitted, however, that the interest came from a "very reputable UK company" and acknowledged that a merger of the interests of each company would make a logical trading "fit."

Shares in Unicorn jumped 28p yesterday to 116p, after 122p, which values the group at almost £34m. The market was pointing to Foseco Minsep, the metallurgical specialist, as a likely contender but the group was unable to comment.

MR. HAMLYN BUYS MORE NEWS INTL. SHARES

Mr. Paul Hamlyn, a director of News International who has accepted, in respect of his shares the proposals for the transfer of ownership of News International to Mr. Rupert Murdoch's master company News Corporation, bought a further 125,000 shares in the market on Thursday.

This brings Mr. Hamlyn's share interests up to some 825,000—equal to 1.65m new shares under the News International proposals. These involve a one-for-one scrip issue to existing News International holders and then the conversion of the publicly held shares into a new class of capital.

Mr. Hamlyn yesterday described the offer as "extremely fair" and he thought it would be accepted by other holders. He said it made "good sense" to have an interest in the total empire and that the proposals would enhance the value of the shares.

Mr. Hamlyn increased his shares because he saw it as a "cheap way" into an international group with interests in a variety of Australian activities including transport and TV and also in U.S. publishing.

He considered the shares to be a good long term investment and expected the value to increase.

The new shares proposed to be issued have virtually no voting rights but Mr. Hamlyn said that this was of little importance as Mr. Murdoch's interests exercised effective control anyway.

News International shares suspended at 163p on May 20, resumed trading at 190p on Wednesday. There was little activity yesterday and they closed unchanged. The shares of the Australian company moved up from $2.15 on Tuesday and closed at $2.90 yesterday.

Tin merger details

The terms for the merger of the six Perak-based tin companies under the Malaysia Mining Corporation Group involve splitting the Ringgit 1 shares of Malayan Tin Dredging into 10 shares of 10 cents each, and for an exchange of these shares with the other five companies.

The object of the merger is to create a single state-based company to make it easier to negotiate with the State authorities and to muster the necessary financial and management resources for the new group to go into new and more risky ventures.

For each 1,000 shares in the following companies MTD is offering Southern Malaya Tin 6,990 new MTD shares; Southern Kinta 4,040; Kramat Tin Dredging 1,090; and Lower Perak Tin 3,100; Bidor Malaya Tin 1,670.

Trading in the shares of the five companies, suspended on May 14, will resume on Monday on the London, Kuala Lumpur and Singapore Stock Exchanges, except for BMT, which is not listed.

Special dividends are to be paid as follows: SMT 62 cents; SKC 103 cents; LPT 31 cents and BMT 28 cents. With full acceptance of the offer, MMC's holding of the new group would be around 40 per cent. Charter Consolidated of the UK holds 29 per cent of MMC, which is controlled by the Malaysian-sponsored Pernas.

The six companies account for over 154,000 pikuls (9,317 tonnes) of tin, or about 14 per cent of Malaysia's output.

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LAMONT RAISES McCLEERY OFFER

Lamont Holdings, the engineering and property group, has increased its offer for McCleery L'Amie, the Belfast ropes and carpets group, and has secured the agreement of the McCleery board.

The new bid—a shares and cash deal or a straight share swap—values the capital of McCleery at some £2.8m, compared with Lamont's first offer in April worth some £2.6m, which the board rejected.

Lamont, headed by Sir Desmond Lorimer who is also chairman of McCleery's, said that they expected some rationalisation, but there would be no "undue redundancies."

The directors also said that they planned to continue expanding in the manufacturing field, both through acquisitions and internal developments.

For half of their holding McCleery holders are offered 20p cash, and for the other half, 5 Lamont shares for every 6 McCleery; or holders may accept 17 Lamont ordinary shares for every 20 McCleery shares.

WILSON PECK SUSPENSION

Shares of Wilson Peck, the retail music dealer, were suspended at 22½p yesterday in advance of a reorganisation involving the £941,000 purchase of two private property companies in the Sheffield area, Retandin and Harpermoss.

The deal will be paid for by the allotment of nearly 3.8m shares in Wilson Peck, which will amount to 78 per cent of the company's enlarged share capital.

The £586,900 price being paid for Retandin compares with the £793,000 at which its properties were recently valued. Wilson Peck is paying £354,650 for Harpermoss, where the latest valuation figure is £542,500.

In the financial year to March 31, 1979, Wilson Peck made a £51,700 loss. In June of last year, it sold the group indebtedness and entire capital of its insolvent Cressdent subsidiary for over £127,000.

Pilkington tops £91m but UK trading still gloomy

ALTHOUGH COMBINED UK and overseas trading profits of Pilkington Brothers are slightly lower at £49m against £50.5m, for the year to March 31, 1980, royalties and a higher associates' contribution enabled the group to reach £91.4m pre-tax, matching the previous year's £90.3m.

But the directors say that the fall in the value of money means that earnings are less in real terms than a year ago.

Profits in the first half were down from £43.3m to £38.8m after deducting a £3.5m special commemorative float payment. The directors said then that prospects overseas appeared encouraging but UK trading conditions showed no sign of improving and they would do well if they managed to achieve the previous year's results.

The board now says that UK prospects are still not good for next year as inflation, wage increases and the strong pound are eroding margins and reducing the competitive position. Overseas operations look more encouraging.

Stated earnings per share are 52p (36.7p) at the year-end. As forecast at the time of the December rights issue, the final dividend is 5.5p on higher capital making a total of 10.5p compared with 7.9p.

In the UK, the reduced profits were mainly due to safety glass and fibreglass reinforcement products which incurred substantial losses as did certain parts of the optical and pressed glass divisions.

Flat glass although reduced and fibreglass insulation products were the main platform for the overall trading profit earned while a useful contribution was made by Barr and Stroud.

	Year 1979-80 £m	1978-79 £m
External sales	629.0	548.8
UK profit	24.1	29.2
Overseas profit	24.9	21.3
Trading profit	49.0	50.5
Licensing income	37.0	37.9
Special payment	3.6	—
Associates profits	11.3	7.1
Intrst. less invest. inc.	2.3	5.2
Profit before tax	91.4	90.3
Tax	20.5	42.7
Net profit	70.9	47.6
Minorities	2.1	1.9
Attributable	68.8	45.7
Interim div.	6.2	4.1
Second interim	8.6	5.7
Retained	54.0	35.9

The difficult trading conditions in the UK are reflected in the pressure on trading margins. In spite of this, and of the stronger pound, exports increased from £61m to £72m.

Overseas the picture is much brighter with the notable exception of Canada where a strike lasting 16 weeks produced a significant loss, the directors say. Elsewhere most companies showed improved results, particularly the flat glass operations in Australia, South Africa and Argentina.

Trading profit is after depreciation of fixed assets £33.8m (£29.3m), contribution to replacement of fixed assets £9.7m (£8.8m), obsolescence of fixed assets—assets sold or scrapped during year—£3.3m (£1.8m) and amount set aside for future years £1.6m (£4.4m).

Attributable profits on a CCA basis are reduced to £51m after adjustments for cost of sales, £18.1m, working capital adjustments, £10.3m and gearing, £9.7m.

The group spent £69m on new buildings, plant and equipment of which £55m was in the UK principally on the continued construction of a new float plant and a new glassfibre insulation plant, both at St. Helens.

Expenditure on the acquisition of new subsidiaries and associates was £5m. The expenditure was substantially financed by funds internally generated from operations.

Assets employed at March 31, 1980, were £770m (£630m).

Lex, back Page

Subsidiary losses and VAT leave Alpine Drinks £0.6m down

REDUCED MARGINS on its major trading activity and increased losses in two subsidiaries pushed back pre-tax profits of Alpine Soft Drinks to £926,000 in the year to March 29, 1980, compared with £1.51m.

The current year has brought a marginal increase in soft drink sales volume, say the directors, and they anticipate a return towards the profit margins earned before the increase in VAT. At midway, when profits were down from £927,000 to £647,000, they warned that full recovery from the effects of bad weather and increased VAT could not be expected until this summer.

Profits from soft drink sales fell 22.5 per cent to £1.28m during the year, despite a small increase in volume.

Alpine Direct Supply, which distributes a wide range of products on limited credit, incurred losses of £207,000 (£19,000). Because recruitment of customers proved slower and more costly than anticipated, say the directors, trials conducted to date have proved inconclusive. Further losses are expected in the current year, but the project will continue in a limited way until its long-term viability can be demonstrated. All development expenditure is written off as it is incurred, thy add.

The recently closed leisurewear manufacturing subsidiary, Curtis Hood, produced losses of £146,000 (£121,000), including all anticipated terminal costs in disposing of the assets.

Group turnover went ahead from £13.54m to £15.26. Earnings, after tax of £326,000 (£789,000), are shown down from 14.03p to 11.67p. The dividend is 7.7p (7.37p) with a final of 5.29p and absorbs £396,000 (£300,000).

● comment

The decision by Alpine to diversify away from soft drinks looks increasingly ill-advised. Curtis Hood leisurewear is being closed after a string of trading losses and the future of Alpine Direct Supply, which has reported much higher losses, seems a little tenuous. These activities have tarnished a splendid profits record at Alpine, though last year there was precious little to shout about in soft drinks either. Margins here have fallen to around 8.8 per cent from 12 per cent last year as June's VAT increase has forced the deferral of price rises. The group has managed to increase volume in line with the rest of the door-to-door delivery market but it is missing out on the growth areas—PET and other non-returnable bottles. The weather at least is moving in its favour. A mild winter enabled deliveries to be made punctually and the meteorological omens are good for the summer. At 87p, the shares offer a multiple of 7.1 times reported earnings, which discounts loss elimination from the leisurewear division. The maintained dividend produces a yield of 13.3 per cent.

Textile losses hit Sidlaw

A PRE-TAX LOSS of £163,000 in the six months to March 28 is reported by Sidlaw Industries, the textiles and oil services group, compared with a profit of £122,000 in the previous first half. Turnover fell from £19.96m to £18m.

Oil services showed a trading profit of £573,000 including a first contribution from the recently acquired Supply Ship Services (UK), but the textiles division incurred a £426,000 loss, cutting group trading profit to £111,000. Associates contributed £247,000 (£218,000) and interest took £521,000 (£390,000).

The interim is held at 1.5p. Last time a total of 6.7217p was paid on profits of £878,000.

The board says the 10 per cent fall in turnover reflects the sale of the hardware division and reduced textiles activity. There was a particularly sharp drop in demand from the UK carpet industry, facing severe competition from North American imports.

The lower textiles turnover will release some working capital, but the extent of current raw material supply contracts will delay the full benefit until after the year end. The Board points out that further investment in oil services will not be constrained, however, for lack of finance.

Extraordinary items yielded a gain of £124,000 at halfway, with a surplus on the sale of machinery more than compensating for closure and redundancy costs, although further substantial terminal costs will be incurred.

Further losses are forecast in textiles as rationalisation is effected, and with the current high interest rates group prospects for the second half are little better, despite the progress of the oil services division.

● comment

Sidlaw's figures break down neatly into good and bad news. Oil services and associated companies have turned in a sparkling half, but even that fails to offset the collapse of the textile division. The indication of little joy in the second half suggests that, while oil and associates should do better, textiles will get worse. The company's roots are in textiles, as is the bulk of its workforce. It is harsh to contemplate running down the division still further but the interests of the shareholders clearly differ from those of the workforce. The company's current and prudent course is to contract the loss-makers as far as is necessary to release the working capital needed for re-investment to prevent oil services stifling. With gearing at 50 per cent in the 1979 balance sheet and no profits coming in, it would become uncomfortable if investment cash were to be found anywhere other than in a redistribution of employed capital. The 9.2 per cent yield at 106p, down 8p, suggests market confidence that the company is at least on course for better days.

Ellerman shows some recovery

WITH MOST of the loss coming in the first half, Ellerman Lines, the shipping, brewing, transport, travel and leisure group, finished 1979 with taxable losses of £2.82m, compared with profits of £3.72m. Turnover improved slightly from £186.9m to £191.8m.

The directors say the loss reflects the depressed state of the shipping industry, and the bad weather and industrial disruption during the early months of 1979.

Last October, on reporting a turnround from a £745,000 profit to a £2.72m loss for the first half, the diretors said the outlook for the full year was uncertain, but that it would be disappointing if there were not some recovery.

The current year has begun quietly, with signs of a slight improvement as the benefits of reorganisation began to make a greater impact.

Pre-tax loss was incurred after finance charges of £8.48m (£6.27m), but included a profit from the sale of ships, much lower at £865,000 against £3.67m, associates' share £384,000 (£930,000), and investment income of £3.19m (£3.5m).

Loss per £1 deferred share—all of the issued share capital is privately held—is given as 80p (72p earnings), and the dividend is unchanged at 6.79p with a final of 4.54p.

Ellerman City Liners suffered a trading loss, as in 1978, but reduced it by £2m to £1m. The directors say this indicates that the shipping division is "turning the corner and is firmly set on the road to recovery."

Results of the merged transport, and industrial and commercial division, Ellerman Commercial Holdings, were characterised by a disappointing performance in the UK operations, mainly in shipping and forwarding, balanced by good results from the overseas operations from Africa.

Operations in the UK are being rationalised and reorganised, and the company is expecting the benefits of this to become apparent next year.

Group tax for 1979 took £631,000 (£768,000), there were minorities' credit of £263,000 (£20,000 debit), and there was an extraordinary debit of £4.42m (£2.96m).

Turnover of J. W. Cameron, brewery subsidiary, rose slightly to £41.36m (£40.1m) and pre-tax profits improved by £1m to £4.8m. After tax of £2.17m (£1.51m) net profit was £2.64m (£2.3m) giving earnings of 5.9p (5.1p) per share.

The dividend is 0.95p (0.74p) per share. Profits include £419,000 (£103,000) surplus on property sales.

The trading climate for Tolly Cobbold beer was difficult until the last quarter of 1979 at Tollemache and Cobbold Breweries.

Turnover for the year was £20.41m (£19.24m), and taxable profits fell from £473,000 to £435,000. Tax took £45,000 (£50,000) and the dividend is 0.5p.

ELECO RIGHTS

Following the rights issue by Eleco Holdings of 2,426,363 10p shares at 54p, acceptances have been received in respect of 2,158,341 shares, or 89 per cent. The remainder have been sold in the market.

Results due next week

Forecasters are looking for pre-tax profits of £64m from Racal Electronics when it makes its preliminary announcement on Thursday—though some bullish analysts see the prospect of a million more. Among the group's big money earners, tactical radio is likely to have done rather badly, but compensating strength in strategic radio and data communications should have helped group profits ahead from 1979's £61.6m. Attention now focuses on how profitably the Decca businesses can be integrated—and opinion is favourable, with some seeing £80m or more for 1981. Outside expectations are for a full-year gross dividend total of 5.9p, a 10 per cent advance.

When Tesco unveils its preliminary figures next Wednesday, the dividend payout should be improved, but the pre-tax growth may be less exciting. This is the consensus of outside forecasters who are expecting the interim dividend increase of around one-quarter to be repeated in the final, raising the net total to almost 2.5p against last year's 1.98p. High interest charges (related to Tesco's ambitious expansion programme) may slice into overall earnings and the performance of the non-food side will also be crucial. Analysts are predicting about £42m before taxes after £37.7m last year, a rise of just over 11 per cent.

The interim figures from S. and W. Berisford on Thursday will be of more than usual interest because of the group's ambitious bid for British Sugar. Analysts are expecting profits to work out only marginally higher than last year's half-time £16m.

Activity in the cocoa market was quiet throughout the first quarter but picked up usefully towards the end of the period. Cocoa continues to be the mainstay of Berisford's business although its expansion into metals should have produced an improved contribution. The more volatile sugar prices will be reflected in higher sugar trading profits, but competitive pressure has kept earnings from sugar merchanting well down. The company does not generally disclose interest charges at the halfway stage, though the high cost of money will clearly have been punitive.

Westland Aircraft reported interim figures last year for the first time and warned that they should not be taken as indicative of the outlook for the year as a whole. It is in the nature of the company's mainly defence-related business that the impact of long-term contracts on the results is unpredictable. Westland is believed to have had a healthy first half, with recent orders for 32 Lynx helicopters. Analysts expect the interim results to show some improvement on last year's £5.2m, perhaps to £6m or £7m. An increase in the interim dividend of about 20 per cent would be appreciated.

Market forecasts cover a wide spread of expectations about Thursday's interim results from English China Clays. The range is from £12m to £17m pre-tax profits, with the top end of the range favoured as continuing clement weather should have helped along clay and quarrying. Anywhere in the range would put ECC comfortably ahead of last year's £10.4m interim, with the full year looking well-placed to notch up £39m against £33.1m. There is scope for perhaps a 10 per cent dividend hike over last year's 5p net total.

Next week's batch of companies reporting will include preliminary figures from Lesney Products, Dawson International and Hambros on Monday, Johnson Matthey's full year numbers on Wednesday and the year end showing from Wedgwood on Friday.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Alliance Investment	Wednesday	1.05	2.7	1.9†
Ariel Industries	Wednesday	0.967h	1.417	1.082
Baker Perkins Holdings	Thursday	1.68	3.48‡	2.1
Bell and Sime	Wednesday	0.9338k	4.4468	1.75
Bisichi Tin	Wednesday	—	0.32104	—
Breby Leslie	Thursday	2.0	3.009	2.0
Bradford Property Trust (The)	Tuesday	1.2663	1.9	1.6
British Steam Specialties Group (The)	Thursday	1.25	3.095	1.5
British Tar Products	Friday	0.575	1.6	0.6
Brotherhood (Peter)	Tuesday	1.8425	4.6063	—
Brown Shipley Holdings	Thursday	4.58s	6.107	5.5
Brownlee	Wednesday	0.62681h	3.4	1.0
Butterfield-Harvey	Thursday	1.3	1.5	1.3
Chamberlain Phipps	Monday	1.019b	1.8054	1.1
Continental and Indust. Trust (The)	Thursday	2.5	4.7	5.285
Country and New Town Properties	Tuesday	0.2	0.45	0.2
Craig and Rose	Monday	2.1	24.302	12.5p
Dawson International	Monday	3.0	4.0	3.0
Dominion and General Trust	Thursday	2.25	6.75	3.0
Dorrington Investment	Friday	1.65	1.79983	1.9
Elswick-Hopper	Thursday	0.45	0.55	0.5175
E.R.F. (Holdings)	Thursday	2.1775¶	1.225	2.1
Ferguson Industrial Holdings	Monday	2.0	2.4	3.14286
Finance and Industrial Trust (The)	Friday	—	1.2	—
Fortnum and Mason	Monday	3.5	19.72	3.5
GEI International	Tuesday	1.6	3.028	1.76
Hargreaves Group	Thursday	1.45	2.142	1.6
James (Maurice) Industries	Wednesday	0.5	—	0.75
Johnson, Matthey	Wednesday	4.40769c	5.9	3.0
Hambros	Monday	42.0	67.24	52.5
Lesney Products	Monday	1.1792	2.0838	1.232
Lloyd (F. H.) Holdings	Friday	1.7058d	4.4729	0.5
MK Electric Holdings	Monday	3.3	8.7	5.0
National Carbonising	Monday	—	0.7	0.7
Northern Goldsmiths	Tuesday	0.85	1.5251	1.2848
Northern Securities Trust (The)	Thursday	1.0	3.0	1.0
Norwest Holst	Monday	1.5972	3.4458	1.999
Pauls and Whites	Thursday	1.792s	3.176	1.75
Property & Reversionary Inv. Cpn. (The)	Tuesday	1.28125‡	2.6375	1.0
Racal Electronics	Thursday	0.95	2.8	1.05
Robertson Foods	Tuesday	1.3738	4.9236	1.4
Sound Diffusion	Tuesday	—	0.8	—
Tesco Stores (Holdings)	Wednesday	0.7888	1.1939	1.0
Tranwood Group	Wednesday	—	—	—
Triplex Foundries	Wednesday	1.8062q	3.6	1.84
Tunnel Holdings	Thursday	2.05775m	4.25	3.0
Wassall (J. W.)	Wednesday	0.2	0.48	0.2
Westbrick Products	Tuesday	1.25	1.75	1.5
Wedgwood	Friday	1.75	2.426	1.75
W.G.I.	Monday	2.5	4.5	3.0
INTERIM DIVIDENDS				
Anglia Television	Wednesday	1.572	2.0	
Berisford (S. and W.)	Thursday	2.5	5.0	
Bluemel Bros.	Friday	2.17	1.65	
Brunner Investment Trust (The)	Friday	1.075	1.375	
Charter Trust and Agency (The)	Thursday	0.825	2.331t	
Dundee and London Investment Trust	Thursday	1.0	2.4	
Duple International	Wednesday	0.7472**	0.7	
English China Clays	Thursday	3.1175	2.8825	
Grange Trust	Friday	0.95	2.25	
Kitchen (Robert) Taylor	Wednesday	3.0r	7.0	
Lee (Arthur) and Sons	Thursday	0.44	1.25	
Nash (J. F.) Securities	Friday	3.0	3.5	
Raeburn Investment Trust	Friday	1.45	4.9n	
Record Ridgway	Friday	2.0	0.1	
Scottish American Investment (The)	Wednesday	1.0	2.5	
Throgmorton Trust (The)	Tuesday	2.25	3.3	
Westland Aircraft	Wednesday	1.0	3.0	
INTERIM FIGURES				
Heavitree Brewery (The)	Monday			
Tilley Lamp	Monday			

* Dividends shown net pence per share and adjusted for any intervening scrip issue. † Includes non-recurring dividend of 0.3p. ‡ Second interim. ¶ Total of interim and second interim of 1.8425p. ‖ Includes special dividend of 0.434p. § Includes non-recurring dividend of 0.36p. ** Total of interim and second interim of 0.4102p. n Includes non-recurring dividend of 0.9p. p Includes special 150th anniversary dividend of 10.0p. r Total of interim and second interim of 1.5p. s Includes non-recurring dividend of 2.8p. t Includes non-recurring dividend of 0.306p. The following are compensating dividends included to allow for the change in the tax rate: a 0.08. b 0.019. c 0.1154. d 0.0558 e 0.042. f 0.05. g 0.0462. h 0.032. j 0.026814. k 0.0588. m 0.1155.

CORAL INDEX: Close 454-459 (+8)

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB — Telephone 01-621 1212

1979-80 High	Low	Company	Price	Change	Gross Div (p)	Yield %	P/E
99	59	Airsprung	65	+1	6.7	10.3	3.6†
50	26	Armitage and Rhodes	30	—	3.8	12.7	2.0†
285	185	Bardon Hill	278	—	13.8	5.0	8.2†
100	78	County Cars 10.7% Pf.	78	—	15.3	19.6	—
101	63	Deborah Ord.	92	—	5.0	5.4	10.1
125	88	Frank Horsell	117	—	7.9	6.7	7.3
129	90	Frederick Parker	90	—	12.8	14.2	4.1†
156	102	George Blair	102	—	16.5	16.2	—†
75	45	Jackson Group	75	+1	6.0	8.0	2.9†
153	103	James Burrough	106	+2	7.2	6.8	9.3
300	242	Robert Jenkins	300	—	31.3	10.4	9.8†
232	175	Terday	219	+2	15.1	6.9	3.7†
34	11½	Twinlock Ord.	15¼	+1¼	0.8	5.6	2.9†
80	70	Twinlock 12% ULS	76	—	12.0	15.8	—
56	23	Unilock Holdings	50	+1	2.6	5.2	10.6
50	45	Unilock Holdings New	46	+1	—	—	9.8
99	42	Walter Alexander	94	—	4.4	4.8	6.2
214	136	W. S. Yeates	214	+2	12.1	5.7	3.5†

† Accounts prepared under provisions of SSAP 15.

GUINNESS

Interim Statement

Group Profit for 24 weeks to 15th March, 1980

UNAUDITED

	Notes	1980 £m	1979 £m
TURNOVER	1	341.3	301.2
PROFITS			
TRADING PROFIT	2		
Brewing	1	19.1	16.4
General Trading	1	1.5	3.1
Plastics and Materials Handling		2.4	2.5
Leisure		1.1	1.0
Confectionery		0.1	0.2
		24.2	23.2
Central Management costs		1.1	0.8
		23.1	22.4
Interest charges		5.8	4.3
		17.3	18.1
Investment income		0.1	0.3
Share of profits of associated companies	1	3.8	4.7
PROFIT BEFORE TAXATION		21.2	23.1
Taxation	3	6.2	7.5
PROFIT AFTER TAXATION		15.0	15.6
Minority interests		2.5	2.0
		12.5	13.6
Extraordinary items		0.1	CR 0.2
PROFIT ATTRIBUTABLE TO STOCKHOLDERS		12.4	13.8
INTERIM DIVIDEND		2.8	2.8
EARNINGS PER 25p STOCK UNIT	4	7.1p	7.9p
INTERIM DIVIDEND PER 25p STOCK UNIT	4		
Payment to be made on 11th August, 1980		1.575p	1.575p
Gross equivalent		2.250p	2.250p

NOTES:

1. (a) Following the reconstruction of the Harp Lager Group the 1980 results of the new subsidiary companies Harp Ltd. and Harp Lager Brewery (Ireland) Ltd. are included in the turnover and brewing trading profit whereas for 1979 the Group's share of profits of Harp Lager Ltd. is included in the share of profits of associated companies.

(b) As a result of disinvestment J. L. Morison Son & Jones (Nigeria) Ltd. has changed its status and for 1980 the Group's share of the profits of J. L. Morison Son & Jones (Nigeria) Ltd. is included in the share of profits of associated companies whereas for 1979 the results of J. L. Morison Son & Jones (Nigeria) Ltd. are included in turnover and in the trading profit of the General Trading Group.

2. (a) The following table shows the trading profit of subsidiary companies resident in each territory, before deducting U.K. Central Management costs:—

	1980 £m	1980 %	1979 £m	1979 %
United Kingdom (including exports)	8.0	33	8.8	38
Republic of Ireland (including exports to U.K. and Overseas)	11.1	46	8.3	36
Overseas	5.1	21	6.1	26
	24.2	100	23.2	100

(b) Trading profit is after charging depreciation of £7.8m (£6.7m).

(c) The trading profit for the 24 week period under review of companies resident in the Republic of Ireland and Overseas would have been £1.4m greater (Republic of Ireland £0.9m, Overseas £0.5m) had those profits been translated at the rates which applied for the comparable period in 1979.

3. The following table analyses the taxation charge:—

	1980 £m	1979 £m
Holding and subsidiary companies		
Taxation arising in—		
United Kingdom	1.1	1.3
Republic of Ireland	2.5	1.5
Overseas	1.3	2.8
	4.9	5.6
Associated companies—share of taxation	1.3	1.9
	6.2	7.5

U.K. Corporation tax has been provided at the rate of 52% (52%).

4. The earnings and interim dividend per 25p Stock Unit for 1979 have been adjusted by the capitalisation issue of one for one made in February 1980.

It is always regrettable to announce a setback in profits, but – as I warned shareholders at the Annual General Meeting – the widening world recession makes it more and more difficult to maintain profit growth. However I can tell you that there has not so far been any significant setback in the level of trading activity in your companies. Generally the volume of sales is being maintained; however margins are being squeezed. I expect the position for the year end to be similar to that for the half year, with trading profits close to last year's level, but pre-tax profits reduced as a result of higher interest charges; also, if current rates of exchange still apply at that time, the strength of sterling will have a further adverse effect. Nevertheless, I reaffirm that I consider the spread of your companies' activities is a sound base for future progress.

IVEAGH
Chairman

ARTHUR GUINNESS SON AND COMPANY LIMITED

UK COMPANIES

New backing for small companies

By Alan Friedman

A NEW £7.5m investment management company was launched yesterday by M. J. H. Nightingale, an investment banker in small companies. The Lovat Enterprise Fund, to be financed by five institutional shareholders including Legal and General Assurance and the Prudential group, will make investments in three or four private companies per year for a period of five years. The average annual investment may be up to £2m.

Mr. John Gratwick, chairman of Empire Stores, will head Lovat. The board includes fund managers from the National Coal Board Pension Fund, Legal and General and Electra Group.

Mr. Gratwick explained yesterday that the idea was to select promising companies with pre-tax profits in the range of £100,000 to £350,000. "We want to build them up over the period to 1985. This is in keeping with current political pressure to encourage small business."

Mr. Peter Bell, a Lovat director from the Legal and General, commented: "We see Nightingale as specialists in grooming companies for their own listing when they reach above the £500,000 profit mark or at least attracting larger shareholdings by outside financial institutions."

Under the proposed system, institutions will invest directly in the chosen companies. The board of Lovat will serve as an advisory group, taking decisions on where to invest.

Nightingale will hold an option to purchase 5 per cent of the ordinary capital of any companies selected for investment. It will also receive a fee from Lovat for management services; this should come to between £150,000 and £200,000 over the five year period.

Investments in any one company will be restricted to not more than 40 per cent of the equity or a maximum of £500,000, and will normally consist of convertible redeemable preference shares for companies raising new equity.

Although some Lovat directors admit that an eventual goal may be the introduction of target companies to the Nightingale market in unlisted securities or to the Stock Exchange, Mr. Gratwick said yesterday that he did not mind whether the companies choose to seek a listing or not.

Grindley Stoke £1.6m loss

Grindley of Stoke, the Newman Industries ceramics subsidiary, has reported a dramatic downturn for 1979.

The company suffered a pre-tax loss of £1,606 366 compared with a profit of £806,769 in the previous year. Turnover fell from £10.89m to £8.17m.

Newman announced that its ceramics division "met harsh trading conditions" at the time of its 1979 preliminary statement in May. The group as a whole reported a fall in profits from £6.22m to £378,000. The ceramics division made an operating loss of £1.13m compared with a 1978 profit of £992,000.

In January of this year Grindley acquired the Ceramix group from Maddock for £1.7m in cash and shares. Ceramix grouped together the U.S. ceramic operations of Maddock.

Grindley's losses were struck after interest of £428,153 (£158,113) and depreciation of £152,180 (£129,417). A tax credit amounted to £385,584 (charge of £56,706) and the company reported extraordinary debits of £423,566 (£220,332). The dividend was again omitted and the loss per share given as 83p (earnings 51p).

A. Cohen tops £2m

PRE-TAX profits of A. Cohen and Company, metal refiner and non-ferrous alloy manufacturer, rose in 1979 from £1.96m to £2.11m.

Turnover was down from £47.84m to £33.19m while associates' contributions were £339,027 (nil).

At halfway the company reported pre-tax profits of £942,000 (£327,000).

The tax charge was £1m (£1.04m) and minorities have accounted for £262,275 (£438,114).

A final dividend of 4.435p (4.028p) makes a total of 6.8p (6.178p) net, and earnings per 20p share are given as 45.83p (26.34p).

SPAIN

June 13	Price %	+ or −
Banco Bilbao	223	+2
Banco Central	253	
Banco Exterior	215	
Banco Hispano	221	−5
Banco Ind. Cat.	122	
Banco Madrid	141	
Banco Santander	280	+5
Banco Urquijo	156	+6
Banco Vizcaya	232	
Banco Zaragoza	200	
Dragados	83	
Espanola Zinc	61	
Fecsa	63.7	+0.2
Gal. Preciados	29.5	−0.5
Hidrola	67.5	
Iberduero	66.5	−0.5
Petroleos	107.7	−0.7
Petroliber	64	
Sogefisa	107	
Telefonica	58	+1
Union Elect.	64	−0.2

SUMMARY WEEK'S COMPANY NEWS

Take-over bids and deals

Control of News International would pass to News Corporation, the Australian master company of Mr. Rupert Murdoch under proposals announced on Wednesday. News Corporation already owns 49.9 per cent of the U.K. concern and other holders are offered two new NI shares for every one now held and will then receive a cash offer for up to half the new shares at 100p each; this compares with yesterday's closing equivalent of 95p. The NI new shares carry no rights except to dividend payments in line with those of the bidder company.

Dealings in Godfrey Davis shares were briefly suspended, and depressed on the resumption yesterday following the referral to the Monopolies Commission of the £22m bid from Europcar, the veshicle rental arm of Renault, for Davies' car rental division.

Because of conflicting interests between C. Y. Tung's **Orient Overseas Container Line**, and **Overseas Containers Limited**, the partners in the latter, P and O, Ocean Transport, and British and Commonwealth, are paying £27m for Furness Withy's 15.81 per cent stake in the company. Furness was taken over by the Hong Kong-based Tung earlier this year and the partners had first refusal on the Furness stake in OCL.

Rowe and Pitman ,acting on behalf of Singapore's **Times Publishing Berhad**, mounted yet another market raid and acquired 5.5m (27 per cent) of the shares of publisher **Marshall Cavendish** at 25p each. Times stated that it does not intended to launch a full takeover bid for Cavendish, but it does want to increase its distribution of Cavendish products.

Charterhouse, the British investment and banking company, intends to take a stake of between 45 and 49 per cent i na separate company bein gformed to buy **PRF Corporation**, a U.S. bedroom and bathroom textiles company, for $30.5m (£13m).

Bruger King, the fast-food chain, signed a franchising agreement with **Management Agency and Music**, representing a total investment of £6m for the latter.

The Stock Exchange barred its members from doing any business for Mr. Jim Raper, former chairman of **Saint Piran**, and suspended dealings in the company's shares indefinitely. The discipilinary actio nfollows the failure by Mr. Raper and three foreign companies to raise th efinance for a full £7m bid for Saint Piran after building up shareholders totalling 37 per cent. The Takeover Panel described Mr. Raper's conduct in the matter as deplorable.

Sun Oil, the U.S. oil company, received acceptances for 95.96 pe rcent of the ordinary and deferred share capital of **Viking Oil**, the North Sea exploration group. The offer is now unconditional and Sun intends to compulsorily acquire the outstanding shares.

Hall Brothers Steamship, a cash shell company controlled by Mr. Alan Ferguson's Guernsey-based **Temple Investment and Finance**, requested a halt to dealings in Hall shares on the unlisted securities market pending an announcement.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder	Final Acc't'ce date
Prices in pence unless otherwise indicated.						
Barget	12*‡	20	18	8.56	*Tinnox*	—
Bishopsgate Prop.	5*§	5	5	0.36	Bkly. Hambro	—
Christy Bros.	30*	32	33	0.60	Simon & Coates	—
City & Intl. Tst.	142	124	127	19.22	Guthrie	—
Cray Elect.	31*§	35	34	0.93	Thrgmrtn. Tst.	—
Doloi Tea	270*	275	275	0.29	Tategold	—
Ewer (George)	52½§§§	56½	51½	6.50	Cowie (T.)	25/6
Keyser Ullmann	83	81	70††	43.15	Chrtrhse. Grp.	—
Lidstone	280*	360	290	0.51	Greewalk Nominees	—
L. K. Industrial Invs.¶¶	16½*	21	16	0.20	Caparo Invs.	—
Lond. & Prvncl. Poster	500*§	470	287††	9.12	*Reed Intl.*	—
Maple¶¶	29½§§	34½	27½	8.23	Waring & Gillow	—
McCleery L'Amie	19§§	18½	17	2.43	Lamont	—
Nationwide Leisure	6*§	6	9	0.66	Rantlodge	—
Status Discount¶¶	56	55	69††	22.40	MFI	—
Steaua Romana	10*	44	7	0.25	Eng. Assoc.	—
Turner (W. & E.)	87½*	85	48††	9.07	J. Hepworth	—
Wilson Bros.	35½§§	34½	21	4.09	Fine Art Develpmnts.	16/6

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. || Date on which scheme is expected to become operative. ** Based on 13/6/80. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Unconditional. ✝ Plus royalties.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
A. B. Foods	Mar.	98,695	(78,898)	17.0	(14.0)	3.4	(2.9)
Aero Needles	Dec.	294	(406)	14.0	(7.5)	1.6	(1.58)
Allied Brew.	Mar.	113,100	(112,400)	13.3	(14.2)	5.0	(4.39)
Applied Cmptr.	Mar.	*720*	*(372)*	*19.3*	*(8.4)*	*1.5*	*(0.7)*
Brent Walker	Dec.	930	(652)	14.6	(6.4)	1.75	(1.38)
B. & C. Shipping	Dec.	28,640	(26,590)	43.7	(34.6)	12.5	(10.59)
Brown (N.)	Mar.	1,670	(1,010)	10.7	(6.8)	3.33	(2.51)
Caffyns	Mar.	604	(911)	16.7	(23.7)	6.8	(6.8)
Chloride Group	Mar.	18,700	(29,000)	11.9	(20.4)	4.0	(6.1)
Churchbury Ests.	Mar.	439	(391)	14.6	(11.7)	9.0	(6.7)
Continuous Stat	Mar.	450	(246)	8.8	(4.7)	4.3	(2.78)
Crosby Spring	Mar.	673	(1,012)	12.5	(7.2)	0.87	(0.79)
Dwek Group	Dec.	280	(246)	3.6	(3.1)	0.24	(0.22)
Edbro	Mar.	1,240	(3,020)	17.2	(23.6)	9.03	(9.03)
Finlay (James)	Dec.	11,030	(12,140)	15.2	(14.4)	5.75	(5.03)
Geevor Tin	Mar.	714	(1,023)	18.9	(31.4)	8.4	(8.71)
Great Portland	Mar.	7,020‡	(5,750)‡	6.2	(4.8)	5.0	(3.33)
Hill Samuel	Mar.	7,690§	(7,730)§	11.9	(12.1)	5.85	(5.32)
Intl. Timber	Mar.	8,740	(8,050)	26.0	(27.1)	8.9	(8.09)
Mansfield Brew.	Mar.	4,230	(3,230)	16.0	(13.0)	3.25	(2.83)
Metal Box	Mar.	59,840	(58,230)	47.8	(57.3)	20.3	(18.09)
Ocean Wilsons	Jan.	2,960	(3,180)	11.9	(13.3)	4.5	(3.5)
Pawson (W. L.)	*Mar.*	*906*	*(448)†*	*8.3*	*(8.5)*	*3.15*	*(2.29)*
Premier Oilfields	Mar.	250	(10)	—	(—)	—	(—)
Rowlinson Con.	Mar.	63	(56)	0.5	(0.2)	0.61	(0.61)
Samuel (Sh'm'n)	Dec.	99L	(95)L	—	(—)	—	(—)
600 Group	Mar.	9,660	(11,890)	19.2	(12.6)	5.25	(4.67)
Spear (J. W.)	Dec.	1,630	(1,820)	24.4	(25.1)	6.0	(2.11)
Staveley Inds.	Mar.	7,310	(11,250)	41.7	(62.6)	13.0	(12.0)
Sumrie Clothes	Mar.	23	(384)	1.8	(6.8)	1.5	(2.5)
Tern Consulate	Jan.	401‖	(277)	16.5	(11.3)	4.0	(3.6)
Times Veneer	Dec.	274	(197)	2.6	(2.3)	0.6	(0.45)
Torday	Dec.	832	(806)	58.8	(38.3)	10.6	(10.0)
UKO Intl.	Mar.	3,670	(3,361)	20.8	(18.0)	9.68	(9.68)
Valor	Mar.	2,520	(2,140)	17.6	(14.5)	2.66	(2.08)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Barget	Mar.	130L	(178)	—	(—)
Denny (Henry)	Mar.	46L	(289)	—	(—)
Elson & Robbins	Mar.	1,120	(950)	1.51	(1.51)
Everard Brew.	Mar.	629	(—)¶	—	(—)
Fairline Boats	Mar.	264	(283)	1.7	(—)
French (Thomas)	Mar.	926	(775)	2.0	(1.4)
Grand Met.	Mar.	61,200	(50,700)	2.88	(2.5)
Hanson Trust	Mar.	16,100	(12,500)	3.75	(3.33)
Northern Foods	Mar.	14,810	(12,040)	2.0	(1.65)
Nottingham Brk.	Mar.	271	(205)	2.0	(1.78)
Saatchi & Saatchi	Mar.	1,400	(1,130)	2.64	(2.11)
United Spring	Mar.	1,030	(815)	0.94	(0.61)

(Figures in parentheses are for corresponding period.)
* Dividends shown except where otherwise stated.
† For previous 63 weeks. ‡ Pre-tax revenue. ¶ First half figures not published before. ‖ For 13 months. § After tax profit.

Rights Issues

Applied Computer Techniques—Rights issue on the basis of one for ten at 280p per share to raise £800,000.

Continuous Stationery—One for one.
Great Portland Estates—One for four.
Ocean Wilson—One for one.
Premier Oil—One for ten.

† Approximate figures before expenses.

Scrip Issues

Carless, Capel & Leonard—Rights issue of 9,869,984 ordinary shares of 10p each at 100p per share on the basis of one for four to raise £9.5m.

Crosby Spring Interior—One for one.

BOOKS

Gravity man

BY C. P. SNOW

A Portrait of Isaac Newton
by Frank E. Manuel. Muller. £11.75. 478 pages

Isaac Newton is the only Englishman whom his peers everywhere acknowledge without qualification as the greatest of them all. Shakespeare? Not quite. There are other claimants in other societies, Homer, Pushkin, Cervantes, Dante. But all scientists in all countries agree that Newton was the supreme scientist of all time.

He was, however, not an admirable man. This is disappointing, but cannot be fudged or brushed away (Maynard Keynes would have liked to, but gave up the attempt). On the whole, the great scientists have been good human beings. Newton's successor, Einstein, the only one who can begin to survive in Newton's company, had moral as well as intellectual grandeur. So had Neils Bohr, the father figure of physics as we now know it, in a more subdued fashion than Einstein's. Bohr was a man humanly accessible and humanly noble.

Newton was none of those things. He had a good many of the most unamiable vices. He was envious, without any trace of generosity, possessive of his scientific credit to a pathological extent, closed to human contact, except with disciples, who might be useful in increasing that same scientific credit. He was vindictive and revengeful, persecuted his enemies, or those he imagined to be enemies, while they were alive and traduced them beyond the grave.

In middle life, his scientific creation behind him, he showed himself to have immense practical ability, first as Warden of the Mint (number two, and chief executive) and then as Master. But he showed some of his splendid ability in a way which would not have been congenial to other great scientists. He turned himself into something like a high powered tax inspector on the track of fraud—the fraud in Newton's domain being coining false money, a common activity in the late 17th-century, and a capital offence.

Newton threw himself into the extirpation of coining with the same total concentration that he had previously brought to the writing of the *Principia*. He made acquaintances among underworld characters, informers and spongers, who might a little later have come out of *The Beggars' Opera*. He conducted the interrogation of suspects himself. He did it with his masterly lucidity and inflexible strength of will.

The suspects came to know him. He was regarded with fear and respect in criminal London. When the suspects were duly convicted, they appealed to him for clemency. Newton gave his opinion, which was in effect a verdict, to the Treasury. If the coiners were let off, they would only return to their crime. It was much more desirable to let them hang. Which, unless they turned informer, rapidly happened.

Dr. Frank Manuel, who is a professor of history at Brandeis, provides in this new biography much information about Newton's tenure at the Mint. It is this capacity to search for information anywhere that will give permanent value to the book. It is in many ways an excellent biography, well written, executed with all the resources of contemporary American scholarship. Manuel could have spent a little more effort on 17th century Cambridge—quite a lot is known, and there are plenty of primary sources. The book suffers very little from the author not being a scientist himself. He is sometimes not so confident in discussing Newton's major work as he is elsewhere, but he makes up for it by his historian's sense. He shows that Newton's attempts at alchemy were perfectly natural and rational activities for a 17th century scientist.

The history is fine, scholarly, considered, never done in anything like this depth before. Just for that, the book will survive. But it also contains a great deal of psycho-history. Manuel is a fervent believer in psychoanalytical explanations, as fervent as only Americans appear able to manage. To most of us, human behaviour is too complex, and often too strangely random, to be neatly explained away as the result of simple, and often single, identifiable causes.

Certainly Newton was profoundly attached to his mother, and to her memory. But so have many men been attached to their mothers. The statement doesn't tell us much about the individual Isaac Newton. It doesn't have any bearing on his wonderful powers of mind, nor on the twists and turns of his various vengeances. At a pinch, it might be permissible to suggest that the devotion to his mother starved Newton of other affections: but that takes us nowhere near the versatile ferocity of his destruction of Robert Hooke. Flamsteed, Liebniz, anyone who disturbed his passion, which endured until he died, for scientific empire building.

City states

BY ISABEL QUIGLY

The City Builder
by George Konrád. Translated from the Hungarian by Ivan Sanders. Sidgwick and Jackson. £5.95. 184 pages

Ambrose's Vision
by Giles Gordon. Harvester Press. £6.95. 207 pages

Staking Claims
by Page Edwards. Marion Boyars. £5.95. 159 pages

Skin Deep
by Edith Reveley. Collins. £5.95. 208 pages

Two European fantasists, writing novels; two American realists, writing short stories. The fantatists write parables, and the stronger, deeper, more gripping parable of the two comes from Hungary.

Konrád's narrator in *The City Builder* is an architect who uses the city he's helped to build as an image of contemporary life in eastern Europe. Through buildings and streets and its layout he shows the past 40 years, the personal and public life together: what he calls "so many private wrinkles in the immense uniformity." Beyond his own life he goes to ancestral memories and Chagall-like dreams, as when he sees his mother "waterskiing in the sky, with the angel of resurrection, who is stronger than a motorboat, pulling the rope."

Back he goes, too, into not such ancient history when torture, hideously described, is the order of the day and human depravity rises like an overfull sewer to spill onto everyday life, seep into everyday soil. Filmlike, the narrative uses images that dissolve into others, bright-coloured or sombre; images that represent ideas, make patterns, evoke memories and build up a rich vision of life in a culture that seems alien on the surface, in modern terms, but below it and in older terms has recognisable echoes—biblical, historical — to remind us of shared traditions and a partly recognisable past.

The translation reads well and much complexity of thought as well as expression comes through it.

Giles Gordon's parable, in *Ambrose's Dream*, is more diffuse but less generally applicable, a private fantasy extended too far, too longwindedly Again, this is a kind of poem, dense and jungly, narrative used almost as interior monologue, with flashes of insight and moments of power but (to my mind) lacking cohesion and control.

Gordon is a wordsmith, agreeable enough, and a maker of short episodic dramas, effective enough for the page or so they last; but his words and episodes and dramas seem unsupported by a framework of coherent meaning, of anything more than the single unsubstantiated point.

Page Edwards's stories in *Staking Claims* are about an America little described: rural New England, its simple people, its cyclical life, its events both small and enormous: meetings, matings, death, inheritance; and feelings like jealousy, pity, confusion in love and desire. Over the cramped lives looms a modern world that's unabsorbed, its phraseology partly adopted but its ways, its atmosphere, almost entirely alien.

A travelling salesman meets and marries a farmer's daughter, curiously attracted by his mother-in-law who startlingly resembles her. A man, deserted suddenly by his wife, is haunted by her lost presence in the big empty house. A garage owner hires a young mechanic, who lodges with him and his wife and arouses furious jealousy for no very good reason. Characters and place-names flow from story to story, so the district lives almost as in a novel, with widely scattered doings and a number of vaguely intertwined characters.

Edith Reveley's collection, *Skin Deep*, is straightforward realism, physically recognisable; the well-tailored story, the clearly, intelligently set-up situation.

Edith Reveley is an American who now lives in England and knows Africa and Latin America as well. She writes about everyday life in English suburb or African bungalow with insight and often with power, her central characters varying from a 50-year-old headmistress to a psychotic of seven and her places from a steamy Nigeria of displaced Europeans to a Norwegian ski resort.

This is clearly a writer to watch.

Alberto Moravia—a new drawing by Judith de Beer

Moravia's misfit

BY ISOBEL MURRAY

Time of Desecration
by Alberto Moravia. Secker and Warburg. £6.50. 376 pages

Time of Desecration is a grim and angry novel, and an ingenious one. It takes the form of a dialogue between the author and the heroine, Desideria. With the help of the author's interventions and demands for explanation, Desideria tells the story of her life, effectively the story of her teens.

The Desideria we first meet is memorable and far from engaging: she is 13 and gluttonously fat. She retreats from any problems to the refrigerator door, and fills her face. A major problem is her mother, Viola, a rich Italo-American widow, who is woundingly disappointed by her clumsy, lumpish daughter.

And then something happens which changes Desideria's life entirely. According to the girl, she is visited by a voice almost in the manner of Joan of Arc. But her Voice is not religious, or from God: it is enigmatic, authoritative, and apparently from a Far Left or Communist source.

The Voice visits Desideria some time after the most outwardly dramatic—and traumatic—event of her adolescence. One night she sets off for the refrigerator, remembers the key is in her mother's room, bursts into the room in the full confidence that her mother is out—and finds a very explicit and unusual sexual situation involving her mother, the current representative of a series of "governesses" and her mother's man of business. In a subsequent scene Viola informs Desideria that she is adopted, that her mother was working-class, a prostitute, and Desideria moves from a fat, helpless adoration of her mother to something near utter coldness, although this is never dependable.

In a couple of years the fat unhappy girl dissolves into a sharply beautiful slim one, and it is the newly slim Desideria who hears the Voice and its message of ultimate revolution. First, she must transgress and desecrate every value she has been taught to hold in any way sacred. This is a long programme, which is described in great detail, and the desecration is systematic, although often it may be symbolic.

It may be hard for the reader to imagine how this list progresses, if he knows that the first manifestation of the Voice involves Desideria going home with a prostitute, pretending to believe she is her mother, making high financial deals over the value of her virginity, and at the behest of the Voice attempting to kill the prostitute with a knife. Only after that begin what are called "The Criminal Years."

In those years, the sacred character of property, culture, religion, language are all violated in obedience to the Voice: each value must be desecrated, by means which are usually sexual or excremental. Sexuality itself must also be desecrated, as it is the prime value of the bourgeois adoptive mother, Viola.

Two things in particular hold the interest as the book progresses: how far can the protagonist go without technically losing the virginity she has vowed for the time to keep—and, much more importantly, what is the real character of the Voice? At first it seems a manic dogmatism of the Far Left, which is to be accepted as correct in its demolition of bourgeois values. Certainly it demolishes many of them effectively enough, with energy and disgust. But signs build up that Communism isn't the essential here: it is the critique of contemporary Roman (and Western) society, which can be undertaken from any convinced point of view, occultism, Catholicism, Fascism.

The adoptive mother falls in love with the slimmed-down child, and seeks to impose her ideal of sex *à trois*, while the Voice tries to manipulate Desideria into a political group, the opposite, apparently, of orgy. As the book goes on Desideria is more and more critical of the Voice, and describes it as sounding mad, although she continues to obey it more often than not, and it is very powerful.

The effect of the book is chilling and disgusting. No attempt is made to titillate the reader, for the final reaction is to be one of total revulsion from the permissive society.

Air borne

BY MICHAEL DONNE

"Fly Me, I'm Freddie"—a biography of Sir Freddie Laker
by Roger Eglin and Barry Ritchie. Weidenfeld & Nicolson. £7.95. 230 pages

Sir Freddie Laker has earned a well-deserved reputation over the years of being the one man in British air transport who has been able successfully to challenge the Establishment—with the result that his cut-price Skytrain service between Gatwick and New York and Los Angeles was able to take off after years of frustration to become one of civil aviation's major success stories.

Sir Freddie has always had that gleeful stamp of irreverence for the established order that characterised the buccaneers of old, and he has indeed been called a buccaneer by both friends and enemies — the former in admiration and the latter in total frustration. For the fare-paying public, he epitomises the successful David pitting himself against the remote and awful Goliath, and his followers are legion.

This brightly-written little book must add to that reputation. Certainly, it does nothing to detract from it. The authors make no deep analysis of Sir Freddie's psychological processes, but content themselves with a straightforward account of this remarkable man's rise to fame and fortune from the ranks.

Sir Freddie has done virtually everything in aviation, from flying aeroplanes on the Berlin Airlift, through breaking aeroplanes up for scrap, to buying them and selling them again, and setting up airlines, running them and selling them also. In the process, he has created a personal fortune, but nobody begrudges him that success, and he remains the volatile, bubbling Freddie that so many of his friends remember from the early post-war years.

The book is unfinished, because Sir Freddie's own saga is unfinished. His Atlantic Skytrain is functioning well, and making money. The fares on the Atlantic have come down, thanks to Sir Freddie's unremitting struggle, and he is expanding his routes, and buying more aircraft, including the highly successful Airbus.

The ebullient champion of cut price air fares is battling on. He has now turned his attention to the European arena, and more than one scheduled airline executive is trembling at the prospect of what he will do. Sir Freddie has already told them, had they the wit to listen. He has said that if he does not get his way over cheap air fares in the UK, he will take the whole case to the European Court, convinced that the Treaty of Rome is on his side. There is still a lot of fight in Freddie, and much more is going to be heard of him in the months and years to come. Hopefully, he will yet be able to encourage passengers in Europe, to "Fly Me, I'm Freddie." They will certainly know what he means.

Sage of Skerryvore

BY PETER QUENNELL

RLS: A Life Study
by Jenni Calder. Hamish Hamilton. £6.95, 362 pages.

Towards the end of April 1885 the middle-aged Henry James, then temporarily established at Bournemouth to be near his convalescent sister, handed in his card at "Skerryvore," the ivy-clad villa, originally christened "Seaview," that Robert Louis and Fanny Stevenson had re-christened after "the most difficult and beautiful of all the lighthouses" erected by his engineering family. James had once before met Stevenson, and had not definitely accepted him; "a pleasant fellow," he noted, "but a shirt-collarless bohemian" and something of a literary *poseur*.

On this occasion, however, they struck up an immediate friendship; and, more surprisingly, the sedate and circumspect James was pleased with his strange compatriot Fanny, the kind of bold and adventurous American female he had seldom previously encountered, who recalled the wildest features of his native landscape. "If you like the gulch and the canyon, you will like her," he informed a correspondent.

Fanny returned his affection. She had often heard, she told her mother-in-law, that Mr. James was now more English than the English; but, notwithstanding his strong resemblance to the Prince of Wales—James had still a neat beard—"I call him the type of an American. He is gentle, amiable and soothing." The chair he occupied during his long visits soon became known as "Henry James's chair;" and, when he left Bournemouth, there was none to fill the gap. "After ten weeks of Henry James the evenings seem very empty, though the room is always full of people. . . ."

The great man's arrival was opportune: he had begun to lose his faith in modern literature. A small group of young French novelists alone, despite "their ferocious pessimism and their handling of unclean things," did the kind of work that he respected:

> "They are at least serious and honest. The floods of tepid soap-and-water which under the name of novels are being vomited forth in England, seem to me, by contrast, to do little honour to our race."

Stevenson, on the other hand, James believed, was a genuinely devoted writer, whose sense of literary purpose was his ruling passion. He, too, valued craftsmanship and despised the slipshod and the superficial; and at Bournemouth his creative energies had been particularly well employed. He had finished *Kidnapped*, the story that, with its spendid central section, "The Flight in the Heather," is probably his masterpiece. Here he displays both his poetic imagination and his extraordinary gift of realistic observation conveyed through a multitude of vivid details, such as the account of his hero's astonishment when, from the summit of a huge sun-baked rock, on which the fugitives have been hiding since noon, David listens for the first time to the Cockney accents of a roving English soldier;

> The soldiers kept stirring all day in the bottom of the valley . . . and they would sometimes hang about our rock, so that we scarce dared to breathe. It was in this way that I first heard the right English speech; one fellow as he went by clapping his hand upon the sunny face of the rock on which we lay, and plucking it off again with an oath. "I tell you it's 'ot," says he. . . .

Besides applauding the portrait of Alan Breck, James voted "The Flight in the Heather" magnificent; and, having himself a keen appreciation of the morbid, he may also have responded to the pictures Stevenson evokes of David's sufferings on his dreadful journey, which reflect the states of gloom and lassitude and despair that chequered the younger novelist's existence. James, of course, was not the only distinguished contemporary who revered the author and delighted in the man; and, given the interest of his life and work, and the high position that he once held among late-Victorian men of letters, it seems odd that he is so little studied today, and that even his best books have sunk to the dismal status of recommended "nursery classics."

Perhaps the explanation may lie in Stevenson's nature. Though warm-hearted and enthusiastic, he was an exceedingly elusive person. He refused to be pinned down; and Sargent's famous conversation-piece, which depicts the Stevensons at "Skerryvore," shows him darting across the stage, lightly fingering his moustache, a wary eye upon the painter, as if he meditated making a rapid exit through the open door behind. Edmund Gosse's lively verbal sketch strikes very much the same note. Louis, he reports, had "prowled about the room in his usual noiseless panther fashion," radiating a charm and bonhômie that did not conceal a shade of sorrow. He was leaving next day for America and South Seas, from which he may not have expected to return.

Whatever the cause, Stevenson has certainly eluded a series of 20th-century biographers. James Pope-Hennessy, who had brilliantly portrayed Lord Houghton and, in *Verandah*, his own mercurial grandfather Sir John, one of the most erratic and eccentric of Victorian civil servants, and dealt in an illuminating volume with a far more intractable subject, Anthony Trollope, could not quite bring Stevenson to life. His portrait remains nebulous; as does the present "Life Study" published by Mrs. Jenni Calder. Through the web of records and references she has woven around him he somehow persistently escapes, and, since Stevenson was above all else a stylist, deeply devoted to the English language, it is unfortunate that his latest biographer's prose style should be frequently pedestrian; that she should make use of the odious word "supportive," announce that a Scottish loch is still "a treasured spot for connoisseurs of the picturesque," and suggest that the European encroachement on the South Seas was "perhaps one of the seediest imperialist operations ever."

Yet Mrs. Calder supplies the basic facts; and from those facts, carefully and sensibly arrayed, a reader is free to draw his personal conclusions. Stevenson's was an immature genius; the characters he introduces, except, no doubt, for Alan Breck, are very often rudimentary; and it is his story that vivifies and carries them along. Unlike his admirer James, he was a man in a desperate hurry. Racked by tuberculosis, doomed to die at the early age of 44, he had no time to let his talents ripen. Nor, indeed—again unlike the Master—was he much concerned with ripening; Stevenson was always in love with the idea of youth. "I was born a young man," he wrote to his friend Sidney Colvin only a few weeks before his death; "and I have continued so."

Cranks Inc.

BY JEFFREY MEYERS

The Harmonious Circle
by James Webb. Thames and Hudson. £10.00. 608 pages

The biographer of Gurdjieff, Ouspensky and their followers must inevitably combat a campaign of mystification—from both books and disciples—that makes it difficult to discover the truth. James Webb, who does not state his own beliefs about mystical experience, has done exhaustive research and told a lively story. But he seems too credulous to deal with the slippery facts that "dissolve into shadows." His scepticism disappears as the book progresses, he surrenders all critical judgment and writes: "He continued his pilgrimage to those holy and enigmatic places where he might decode the hieroglyph of the world"; "He was illuminated"; "Meaning poured itself out upon him from so many unnoticed portions of the universe."

George Gurdjieff, born of Greek-Armenian parents in Caucasian Russia, held the now fashionable idea that he could pick up profound knowledge while travelling through Central Asia. Webb argues that Ushé Narzunoff, a Tsarist spy in Tibet, was actually Gurdjieff, but this interesting theory is more suggestive than convincing. Gurdjieff became a "historical fact" in 1915 when he met Ouspensky in Moscow and began to lead a cast of characters out of Gorki's Underworld. He was ruined by the Revolution and forced to leave Russia. After many trials and adventures in Tiflis, Constantinople and Dresden, he eventually founded the Institute for the Harmonious Development of Man outside Paris.

The essence of his teaching was the belief that "Man is asleep, he must wake up" and that it was vital to "work on oneself" in order to experience "cosmic consciousness." Though his temper, greed, extravagance, megalomania and lust scarcely reflected the Wisdom of the East (he raped two pupils who later committed suicide), he confused and terrified his disciples with perverse tactics, and forced them to surrender their will, their cash and their common sense.

He shaved his head, wore an astrakhan hat and curly moustache, and resembled a cossack. His most famous follower, Katherine Mansfield, thought he looked "exactly like a carpet dealer from the Tottenham Court Road," and he appealed to her lifelong attraction to Russians, fondness for role-playing, weakness for fraudulent cures and crippling strain of mysticism. She submitted to his régime of hard work, poor diet, little sleep, cold rooms and bad air, and spoke quite seriously of "the monkey he has bought which is to be trained to clean the cows."

After his car crash in 1924, he lost his mysterious powers, closed the Institute and concentrated on hypnotising drug addicts and alcoholics. He temporarily attracted famous writers like Hart Crane, Jean Toomer and Kenneth Burke during his years in America. But in the 1930s Dr. James Young, A. R. Orage and P. D. Ouspensky, who had persuaded Katherine to enter the Institute, all quarrelled with Gurdjieff and publicly repudiated his teaching.

Webb concludes that "The Work is a method of higher education which has been of great benefit to large numbers of people." But his own abundant evidence suggests that no valid idea or positive good emerged from the teachings of the man Wyndham Lewis called a "Levantine psychic shark." Edmund Wilson, who was part of the New Republic circle that was sympathetic to Gurdjieff, asserted:

> "The Russo-Greek charlatan undertook to renovate the personalities of well-to-do persons. He combined making his clients uncomfortable in various gratuitous ways with reducing them to a condition of complete docility."

And D. H. Lawrence, who was not immune to mysticism but resisted conversion to Gurdjieff, declared:

> "I have heard enough about that place at Fontainebleau where Katherine Mansfield died, to know it is a rotten, false, selfconscious place of people playing a sickly stunt. One doesn't wonder about it *at all*. One knows."

Crimes

BY WILLIAM WEAVER

The Koberg Link by Arthur Maling. Gollancz, £4.95, 244 pages

Who would believe that a serious brokerage firm could become credibly involved in murders? And yet Mr. Maling's Price, Potter, and Petaque, since their invention three books ago, have seen almost as much mayhem as the 87th Precinct. Brock Potter, the most active member of the partnership, this time is brought directly into the aftermath of a bloody shooting thanks to the unexpected intervention of his drab, usually efficient secretary. Sacrificing his Christmas vacation, Brock pursues the solution of the crime, and finds it, but not until more blood has been spilled (including some of his own). Nice, wry writing. Brisk dialogue, in a well-defined and convincing context. All thoroughly professional and thoroughly enjoyable. One little Beckmesser quibble: the misuse of "presently" (page 162) jars, in this otherwise impeccable prose.

The Counsellor Heart by Pauline Glen Winslow. Collins, £4.75. 241 pages

Mrs. Winslow has made a speciality of the London demimonde, and for this book she has invented an organisation that runs some "Fawn" clubs, with pretty girls dressed not as bunnies but as woodland sprites. One of the sprites is horribly murdered. A Chief Superintendant's wife is kidnapped, at the same time, by terrorists. The latter crime is the one that most concerns Superintendent Capricorn, but he is forced to work on the murder case. Eventually, of course, the two dramas are connected. An unusual cast of characters in which Bridey, the abducted wife, stands out. Nice, sleazy background.

They Stay for Death by Sara Woods. Macmillan, £4.95, 192 pages

Antony Maitland, Q.C., Mrs. Woods's ingenious hero, is set another baffling problem: a series of suspicious deaths in a nursing home for the elderly. Needless to say, he solves the mystery, but takes just long enough to allow the author to create a number of brief, believable marginal characters. The usual skilful job.

Points and Lines by Seicho Matsumoto. John Martin, £6.95. 159 pages

The first English translation of one of Japan's most popular authors. An excellent choice, since the novel has a fascination that will attract also foreign readers. Train buffs in particular will enjoy Assistant Inspector Mihara's untangling of a fiendish plot, since the detection is mostly done with schedules and time-tables in hand. What seems to be a case of *shinju*, or romantic double-suicide, proves instead to be a complex murder. The story is remarkably concise, but rich in colour and keen observation.

Cosmetics have traditionally done well in times of recession. Women were still prepared to spend money on smaller luxuries—a new lipstick, a bottle of perfume—to help them put a brave face on major economies. But this time the cosmetics industry is feeling the pinch—as Lucia Van der Post explains.

Sweetness, light and tough competition

THERE IS hardly a more competitive industry in the world than the cosmetics business. Though the surface image, as presented to the consumer, is full of glamour, sweetness and light, behind the scenes the jostling for increasing shares of a diminishing, or at the very least a static, market is tougher than ever.

The cosmetics industry is not used to bad times. Historically, it has always gone on doing well even in times of recession. As the managing director of one of our more up-market beauty houses, Lancome, put it: "There's only one thing worse than being poor and that is looking poor."

In the past, when times have been hard, the average woman seems to have felt that if she couldn't afford a holiday or even just a new dress, well, then she could keep up her looks and her morale by buying the smaller luxuries in the shape of cosmetics.

This time round the consumer hasn't reacted true to form. It is no secret that the trade in general is feeling the draughts of a recession and though there are odd quirks in the overall trading patterns, on the whole it seems to be true that the top end of the market has been doing very well and the bottom continues to flourish. But those companies that have been aiming their products at the broad middle of the road consumer have been feeling the draught.

There are many reasons for this. One of the causes is undoubtedly that the department stores, where much of the beauty business is done, have been feeling the effects of the recession much more deeply than other sections of the market. As fewer people pass through their doors, so fewer are tempted towards the beauty counters.

Also, it is felt that whereas in the past any woman who felt short of cash saved on the big things and lashed out on the small, this time round cosmetics themselves no longer carry such an insignificant price tag. Not only have prices gone up but the increase in the level of VAT didn't do much to help.

So it appears that women now are not doing without

The only way for companies to improve their own performance is by expanding their share at the expense of someone else.

cosmetics altogether but are taking care to use them more efficiently, to finish a lipstick or their eye-shadow to the end before experimenting with something new. And in a business which, rather like the mustard business, makes a lot of money out of the bits and pieces left in the bottom of the pots and the tubes, the cumulative effect is quite significant.

Another of the reasons is that as one expert put it to me, "the markets have reached maturity." This means that the *market is already so highly* developed and there is already such a vast selection of high-quality products available, that the scope for real innovative development *is limited.*

There does not, after all, *appear to be a lot more that* can be done with a lipstick or a face powder, though the scope in the area of skin-care and the toiletries line (for instance, anti-dandruff shampoos and the like) would appear to offer more hope.

The other difficulty is that when new products do emerge they are so expensive to bring to the attention of the public. Men's toiletries and fragrances are an area that many companies feel will be expanding (though one or two have caught *quite a cold in trying* to be ambitious in their planning in this line). The Beecham Group plans to spend somewhere in the region of £1m in the launching of Pagan and Jovan in the months to come.

So for the time being, giving the dearth of new products, and the sense that the market is at best static and at worst, declining slightly, *it is obvious that* the only way for companies to *improve their own performance* is by expanding their share at the cost of somebody else.

This is behind the very *aggressive marketing to be seen* at beauty counters and in the magazines and newspapers up and down the country. Though all the special offers and the little give-aways that tempt new buyers are splendid for the consumer *they are very expensive* for the companies to run and either put up the eventual cost to the consumer or put an even greater squeeze on profits.

All the reputable companies (and as one of the major producers *put it to me,* "in this business there are no bad products but there is a big difference between the very highest levels and the acceptable levels") spend very large sums on research and development, on making sure that products really do what they say *they do, that they are as pure* and as little liable to cause any allergic reaction as it is possible to be.

This effort, coupled with the huge costs of promotion and packaging (in this game where you are *selling mystery* and allure, packaging is an essen*tial part of the appeal* and *no* matter how practical the woman the packaging is still likely to influence her greatly) are just some of the other factors that make it such an expensive and risky business.

Because the industry as a whole has been caught on the hop both by the depth of the recession and their unexpected vulnerability to it, not everybody is quite sure where to go *from here.*

Some companies are quite sure that skin-care is the line to go for—after all, women may make their lipsticks last a little *longer, but they are not going*

There will always be a place for the really up-market products, for the beauty houses.

to risk wrinkles or crepey necks. This philosophy seems to have a lot on its side, in that skin*care loyalty seems to go very* deep and the new skin-care regimes that have been launched do seem to be doing very well.

Elizabeth Arden's Millenium was put on to the market in the *spring and although it is not* cheap (the four basic products cost about £49.50), it is reported *to* be doing extremely well. Lancome, another up-market company with a strong tradition of loyalty from their users has *launched an imaginative attempt* to capture their customer's interest in skin-care with their Progres treatment creams. This, too, has got off to an exceptionally good start.

The whole skin-care treatment area is liely to receive a further shot-in-the-arm with the *launching in the autumn of* Estee Lauder's Prescriptives and certainly the department stores, which need a shot-in-the-arm like most of us need vitamins, is awaiting its arrival with bated breath.

What is perhaps interesting to observe is that buying patterns are changing and beauty houses will have to take note of *this in their future planning.* Whereas in 1975 department stores used to have 59 per cent of the cosmetic business, by 1979 this had dropped to 55 per cent, whereas in the same period Boots share of the market had risen from 29 per cent to 32 per cent.

Boots have run a very aggressive campaign to promote this side of their business and it has *obviously paid off. There seems* a great trend for those who used to buy more expensive names to feel that they could at least give the new Boots No. 7 (which is doing significantly well) a try —after all, it is roughly half the price.

Aggressive marketing seems to be more and more essential and it is perhaps part of the explantation for the continuing success of Avon. Its direct-into-the-home selling method has given it some 10 per cent of the market.

With its special monthly offers, the company seems to be holding its share of the market but a newcomer to the scene, a Swedish company called Oriflame, which sells its products through the party-plan *system pioneered* by Tupperware, has in some areas got as much as 8 per cent of the market.

A lot of business has probably *been lost by the small independent* chemists and small multiples. The gain seems to be going mostly to Boots and to the stores like Sainsbury's and Tesco's, which are now selling make-up along with the tins of *baked beans.*

As for the department stores, those traditional bastions of glamour, it looks as if they will have to work a little harder at keeping or improving their share of the business. But they *have a lot on their side: if they* can continue, as one store buyer put it, "to offer the woman who comes into our departments an experience, to be more generous with samples and in letting her try out products, then we should be able to make her still feel that buying cosmetics is some*thing special."*

There will always be a place for the really up-market products, for the beauty houses (like Lancome, Estee Lauder, Clinique, Elizabeth Arden and *so on) that take the time and* the trouble to train their beauticians and really to inform them about the products so that they in turn can offer advice and personal attention.

There will also always be a *place for supermarket shopping* —it is certainly easy, cheap and convenient to be able to buy a lipstick or an eyeshadow while you pick up your groceries—what is not so certain at the moment is the role of the companies in between.

As the up-market companies expand their *lower ranges to* cope with the rising aspirations of the middle group and as the porer of the middle group start trying out cheaper products, the ones in the middle are being squeezed.

What is needed for all to survive is a general expansion of the market. It is generally agreed that it may come in the autumn—but another year's wait is probably more likely.

Promenade en Provence—Lancome's look for this autumn.

Why the fragrance market is so fickle

IT IS *no* secret that fashion in the world of fragrance (as the *industry likes to call it)* is *as* fickle as fashion in clothes and much more fickle than *fashion* in make-up. Though the average woman shows considerable loyalty to any skin-care regime which she believes in and chooses to follow, she changes her fragrance much more often.

If you try to find out what is happening in the whole fragrance world a very confusing picture emerges. On the one hand total sales are definitely down. It seems *generally agreed that* the market has been going through relatively hard times recently (for instance, sales were running at about £71½m in 1978 and fell to about £66m in 1979) but one of the major retailers, Boots, reports that sales of quality French fragrances are up by 40 per cent. What this obviously reflects is changing patterns of shopping.

It is generally known that department store sales have been exceedingly depressed recently. Women do not seem to be buying clothes, or white goods and so there is much less *through-traffic in the depart*ment stores which probably accounts for the fact that sales of fragrances are down. On the other hand women are still coming in to Boots to buy their toothpaste and their petfoods and are, therefore, susceptible to well-promoted fragrances.

The last eighteen months has seen a dramatic increase in the number of expensive, high-quality French scents, so it must follow that not all of them can be doing very well. Most of those who are connected with the perfumery business know that most *fragrances* are launched with a limited time-span in view—if you are *lucky* you hit on a truly great classic which lasts for generations—but a successful fragrance is one that sells well for five years, at which point it peaks. From then on it should have another ten years of good sales but after that it is usually time to think *of a replacement.*

The patterns of buying have changed in recent years. Whereas once a woman chose a great classic scent that she felt was truly "her" and thereafter stuck to it through thick *and thin, nowadays she tends* to experiment with a whole *wardrobe of scents.*

Fashions are changing at the same time. Old-fashioned great perfumes used to have something a little understated about them—though they lasted well, the wearer could not smell them on herself. Today's scent must, above all, be strong and must last and the modern woman feels confident if she *herself can smell it, too.*

The great successes at the moment are the heady, mysterious Oriental scents. Opium was the first of this spicy band and marked a changing point in the whole market. It has been the success of the decade and was one of the *most cleverly packaged and* marketed scents the world has ever seen. Since then a whole host of spicy scents has reached the perfumery counters—Estée Lauder's Cinnabar, Guerlain's Nahema (though Shalimar, just as *Eastern and exotic in my* view, is much older and still going strong), J'ai Ose, Magie Noire and many more.

Designer names help to sell the great scents—just as Dior, *Chanel. Guy Laroche* and Jacques Fath have all put their names to great and lasting scents (in many cases the scent has long outlasted the couture house) so today new designer *names are coming into the per*fumery world. Balmain (under the aegis of Revlon) has just *launched Ivoire, another* in the exotic, mysterious Eastern mould. Oscar de la Renta has stunned us all with one of the most beautiful scent bottles ever produced—a crystal flower with a dewdrop on the top and *a fragrance that is rich* and floral. Sonia Rykiel has produced her own 7e sense and coming later this year is perfume by Zandra Rhodes.

Such has been the success of the couturier scents that Lancome, which runs a highly successful perfumery division, decided to launch their French Quarter concept, which *offered* prospective customers a special counter selling the perfumes of four famous couture houses — Guy Laroche, Andre Courreges, Ted Lapidus and Jacques Fath. The idea was that both men and women (for they offer fragrances for both sexes) need a *little glamour and advice when* making their purchase.

It is interesting to observe that running in counterpoint to this demand for strong, lasting exotic scents is another trend in favour of little old-fashioned shops which sell pure floral essences which the customer can mix and blend as she chooses. These new floral essences have a lovely nostalgic air about them and go hand in hand with the demand for cos*metics based on purer, more* natural ingredients.

Though many of the shops that sell these scents are small, *their influence is very wide,* attracting as they do a very chic clientèle. Penhaligon's was only reopened about five years ago but its lovely, old-fashioned special fragrances have a very faithful following. For instance, there is Blenheim, created specially for the Duke of Marlborough at the turn of the century, and Jubilee Bouquet *created over a 100* years ago for a few very special customers.

The Perfumer's Workshop, *which offers about 64 essential* oils, all of them single-note floral essences, is another newly-fashionable way to create a distinctive scent of your own. You buy the essences and the accessory solutions and then you make your own bathoils, colognes and *so on.*

To be a successful perfumery house these days requires antennae as alert and alive as any radar system — he who reads the *signs aright will sur*vive; he who is sure of what he *is marketing and to whom* will at least have a sporting chance. It seems just the other day that the whole cosmetic world was revitalised by the birth of Revlon's Charlie and a whole new era of medium-price fragrances was launched. To paraphrase Wilson's famous *remark about politics* — "*Five* years in the perfumery world is several lifetimes."

A woman's right to choose—but will she choose the right one? At one time a woman chose a "classic" scent which she felt was truly her, but now she experiments more freely—and the choice of expensive French scents has increased dramatically.

Beauty business goes back to nature

ALTHOUGH they are nothing like so important in financial terms as the large cosmetic companies, a group of small beauty companies who base their appeal on the use of natural ingredients is beginning to have an impact out of all proportion to their size. Not only do these companies offer the average consumer a much wider choice of product, but they are also beginning to make many of the larger companies sit up and take not of what they *do and why* it is they have such faithful followings.

Of course, herbs and natural ingredients are nothing new—once upon a time they were all we had—but now they are having something of a revival with certain *sections of the* population.

The Beauty Without Cruelty range of skin products was one *of the first and smallest* in this field. Though the selection of make-up it offers is nothing like as fashion-conscious as the more professionally-marketed cosmetic ranges, there was and is a section of the market prepared to sacrifice sophistication for the knowledge that no animal has suffered *in the* testing or the manufacture of the range.

There are many other small beauty houses with loyal followings all of their own. Many of them never aim to be worldwide in size—they base their *appeal on the purity of their* ingredients and don't go in for large advertising budgets or extensive marketing exercises.

Besides the appeal of the packaging, which usually features enchanting wild-flowers and herbs, many people are drawn to products like these *because of the discovery that* they are allergic to some ingre*dient* in the more chemically-based ranges. Though all the reputable companies emphasise the immense care they take to test any new product or ingre*dient before launching it on the* market, it is unfortunately true *that increasing numbers* of women do suffer from a growing list of allergies.

Companies which are able to claim that their selection of skin-care and make-up products are based largely on plants and herb extracts obviously have a great appeal not only to those likely to suffer from allergies but also to those who favour the current *taste for the* natural and the rural as opposed to *the* chemical and the industrial.

Clarins is a small French company which produces a fine range of oils for treating skin and body all of which are 100 per cent pure plant extracts. *The complete complementary* skin-care range, is also largely based on herb and plant extracts.

Sisley is one of the newest of such companies to launch its products on the market. A young French company, it is owned by Count Hubert d'Ornano whose family created Orlane and this week it launched *in Harrods a range of 24 skin*-care products and treatment cosmetics using 42 different plants. Evocative names like frankincense, myrrh, mallow and sage are to be found in their creams and lotions.

In England, Martha Hill has for some years now had a *special following for her own* beauty products, all of which she originally developed for her own use. The products are based primarily on herbs and plants and she only started to produce them commercially *after she was pressed to do so* by admiring friends and visitors.

Kitty Little was an *academic* who became fascinated by ancient recipes and herbal lore and when she started making little pots of skin-care creams and oils for herself, her friends began to want them, too. Her products, too, are now available nationwide and the appeal of her plant-based products is *growing daily.*

Aromatherapy is based on the proper use of aromatic plants, herbs and essential oils and those who have tried it become so converted that they go on to persuade others to try it.

Marietta Kavanagh is one of those who specialises in using aromatherapy to deal with a whole series of the blemishes to which flesh is heir, from eliminating the excess fluid that causes puffiness to helping *to deal with cellulite and acne.*

So powerful is the growing appeal of natural ingredients that there is hardly a soap or a shampoo that is launched without parading some natural ingredient like avocado, peach, *strawberry or camomile.*

In June 1976, Boots put a tentative feeler into this area by launching 11 products in their own herb and plant-based range called An Original Formula. Today there are 30 *products in the range and they* cover skin and hair care, as *well as fragrances. There* is every sign that its popularity is growing and though nobody anticipates that it will ever overtake Boots own market-leader, No. 7, it is interesting evidence of a vigorous minority trend.

WORLD STOCK MARKETS

Early Wall St. firm and active

STOCKS WERE broadly higher in fairly active trading on Wall Street yesterday, amid further declines in interest rates and added indications that the recession will prove severe.

By 1 pm the Dow Jones Industrial Average was up 1.37 to 873.98, making a rise of 12.46 on the week, while the NYSE All Common Index, at $66.08, rose 16 cents on the day and $1.41 on the week. Advances led declines by a two-to-one majority. Although trading was active, the volume decreased 5.23m shares to 29.88m compared with 1 pm Thursday.

Late Thursday the Federal Reserve cut the Discount Rate to 11 per cent from 12 per cent, effective yesterday, and also yesterday several large banks cut their Prime Rates to 12 per cent, leaving the industry with a range from 12 to 13 per cent. Additionally, Morgan Guaranty Trust and several other banks cut their broker loan rates to 11 per cent.

Industrial production fell 2.1 per cent in May after a 2 per cent April fall. The May drop was the worst since February 1975 and supported the view that the recession will prove harsh.

Additionally, early June sales by car makers continued weak although comparisons were not as bad as some recently.

Active General Motors rose $⅞ to $48⅞, while Ford held unchanged at $23 and Chrysler firmed $⅛ to $6⅛.

Interest rate-sensitive stocks advanced. Active Federal National Mortgage tacked on $½ to $17½, American Telephone $½ to $55½ and Southern Corporation $¼ to $13¼.

Sugar issues benefited from higher raw sugar prices. Amstar gained $⅞ to $22⅞, Holly Sugar $1 to $4½ and Michigan Sugar $⅞ to $19½ (on the American SE).

Among Gaming shares, which rose sharply Thursday on favourable assessments of their profit potential, active Caesars World added $1½ at $17⅛ and Bally Manufacturing $⅞ at $2.8. On the American SE, Resorts International "A" rose $⅛ to $35⅞ and Elsinore $⅛ to $11⅞, but Golden Nuggett slipped $½ to $28½.

THE AMERICAN SE Market Value Index gained 1.40 to 288.52, making a rise of 6.51 on the week.

Volume leader Houston Oil improved $1⅛ to $27⅛, Imperial Oil "A" $1 to $38, and Ranger Oil $⅞ to $28½.

Wang Laboratories "B" lost $⅞ to $36½—Bendix Corporation plans a secondary offering of 1.24m class "B" shares of Wang. Bendix tacked on $⅛ at $44⅛ (on the New York SE).

Closing prices for North America were not available for this edition.

Canada

Markets continued broadly higher in fairly active noon trading yesterday, when the Toronto Composite Index rose 9.3 to 2,050.1 and 13 of 14 sub-indices advanced.

The Oil and Gas Index put on 27.3 to 4,575.3.

Australia

Shares firmed on overseas interest.

Gold Mines started quietly but picked up steam on news that gold prices had firmed on the U.S. West Coast.

Interest remained high in the partners in Bimurra gold prospect, Samson rising 15 cents to SA1.95 and Buka 18 cents to 70 cents, but Santos were again among the falls, easing 20 cents to SA13.10.

Second line Oils improved, but some of the leaders came in for light profit-taking.

Australian markets will be closed Monday for the Queen's Birthday celebration.

Tokyo

Higher in moderate trading, led by Pharmaceuticals some Blue Chips and Popular issues. Volume 270m (240m) shares.

The market has fully absorbed the impact of the sudden death of Prime Minister, Masayoshi Ohira, and investors reacted favourably to the sharp yen appreciation against the dollar and a 1 per cent cut in the U.S. Official Discount Rate.

Kaken Chemical rose Y100 to Y1,240.

However, Oils continued to fall on liquidations. Toa Nenryo lost Y18 to Y871.

Hong Kong

Stocks closed weaker in hectic trading as profit taking, mainly local, erased early gains.

The Hang Seng Index finished 2.14 lower at 969.16, after reaching a seven-year high of 978.07.

Dealers said the prospect of no cut in local interest rates until the Exchange Banks Association Interest Rate Committee meets on June 21 may have tempered buying enthusiasm, but they still see the underlying trend as upward.

Kowloon Motor Bus shed 40 cents to $HK 5.90, despite an increased final dividend.

Singapore

Prices eased on profit-taking in relatively quiet trading. Profit-taking was especially strong in the morning, although some shares rebounded in the afternoon.

Properties were especially weak, after having led the market rise for more than a week. Banks and Plantations were mostly lower.

Switzerland

Prices rose in fairly active dealings bolstered by the business upturn in Switzerland, the sharp first quarter gain of Industrial Production, the almost halved Swiss trade deficit in May and the strong Swiss franc.

Banks surged ahead, led by Leu Bearer and Registered, Union Bank and Swiss Bank Corporation.

Insurances also recorded good gains.

Industrials improved, supported by some Foreign interest. Unofficially quoted Hoffmann-La Roche rose on a flurry of buying orders, and Ciba-Geigy Bearer and Participation Certificates gained ground on the news of the proposed restructuring programme of its Ilford Group.

Amsterdam

Mainly lower, with Unilever Fls 1.10 higher, Royal Dutch Fls 1.90 lower and KLM falling Fls 1.31 in otherwise little changed Dutch Internationals.

Constructions and Publishers were weak. Banks firmed while, among Mortgage Banks, WUH were Fls 3.50 higher after opening Fls 5 down.

State Loans were mainly higher.

Turnover on the European Options Exchange fell to 1,232 contracts, of which 766 were Call and 466 Puts.

KLM, the most actively traded, had 465 contracts, followed by Royal Dutch with 235. AKZO made 135 contracts.

Paris

Share prices tended mixed in quiet trading ahead of the weekend, with no clear trend apparent in any sector.

Ste Nationale Elf-Aquitaine shed FFrs 50 to 1,345—its chairman said a reduction of the State holding from 70 per cent to 51 per cent through share sales was under consideration.

Imetal SA firmed FFrs 1.2 to 109, following a 1979 consolidated profit after losses in 1978.

Among Foreign stocks, Germans, Gold Mines and Coppers strengthened, Dutch were steady but Oils and Americans weakened.

Johannesburg

Gold shares closed firm in moderately active trading, reflecting the higher bullion price.

Heavyweight Producer gains stretched to R2.75, as in President Steyn at R40.75, with most rises in the 50 to 100 cents range.

Industrials were mixed to firmer in sluggish trading.

Indices

NEW YORK —DOW JONES

	June 12	June 11	June 10	June 9	June 6	June 5	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
● Industr'ls	872.61	872.70	865.89	869.67	861.52	858.79	903.84 (13/2)	759.13 (21/4)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	74.15	75.97	75.91	75.67	75.22	75.64	74.15 (12/6)	65.87 (28/3)	—	—
Transport	277.16	276.24	276.89	277.73	278.09	277.36	305.90 (8/2)	233.69 (27/3)	305.90 (8/2/80)	12.23 (8/7/32)
Utilities	113.00	112.96	111.91	110.92	110.08	109.53	115.46 (13/2)	96.04 (27/3)	163.32 (20/4/69)	10.52 (28/4/42)
Trading Vol 000's†	47,300	45,890	42,030	36,820	37,230	49,070	—	—	—	—

● Day's high 881.40 low 863.05

Ind. div. yield %	June 6	May 30	May 23	Year ago (approx)
	6.13	6.19	7.10	6.07

STANDARD AND POORS

	June 12	June 11	June 10	June 9	June 6	June 5	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	129.88	130.86	129.00	127.97	127.57	126.91	134.47 (13/2)	111.09 (27/7)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	115.52	116.02	114.66	113.71	113.20	112.78	118.44 (13/2)	98.22 (13.2)	125.85 (11/1/73)	4.40 (1/6/32)

	June 11	June 4	May 28	Year ago (approx)
Ind. div. yield %	5.12	5.28	5.30	5.24
Ind. P/E Ratio	7.75	7.52	7.77	7.90
Long Gov. Bond Yield	9.75	10.11	10.15	8.81

N.Y.S.E. ALL COMMON

June 12	June 11	June 10	June 9	1980 High	1980 Low
65.92	66.17	65.43	64.94	67.77 (13/2)	55.30 (27/3)

Rises and Falls	June 12	June 11	June 10
Issues Traded	1,902	1,925	1,928
Rises	688	976	950
Falls	832	557	568
Unchanged	382	392	410
New Highs	70	81	73
New Lows	1	—	3

MONTREAL

	June 12	June 11	June 10	June 9	1980 High	1980 Low
Industrial	372.30	374.60	368.34	366.69	425.90 (29/2)	325.21 (27/3)
Combined	347.42	348.72	344.87	343.32	378.90 (29/2)	296.90 (27/3)
TORONTO Composite	2040.8	2040.2	2025.7	2027.6	2192.6 (29/2)	1702.5 (27/3)

	June 13	June 12	June 11	June 10	1980 High	1980 Low
AUSTRALIA						
Sydney All Ord. (1956/59)	878.56	871.43	865.49	869.69	947.47 (14/2)	700.90 (2/1)
Metals & Minls (1956/59)	5444.52	—	5408.92	5485.62	6680.95 (14/2)	4581.26 (26/5)
AUSTRIA						
Credit Aktien (2/1/62)	67.20	67.27	67.05	67.15	69.48 (7/1)	67.05 (11/6)
BELGIUM						
Belgian SE (31/12/63)	96.86	96.62	96.61	96.46	105.75 (11/2)	96.14 (31/5)
DENMARK						
Copenhagen SE (1.1/73)	79.12	78.55	78.59	79.11	86.74 (2/1)	74.78 (5/3)
FRANCE						
CAC General (29/12/61)	110.20	110.0	109.6	109.8	117.80 (22/5)	97.1 (3/1)
Ind Tendance (28/12/79)	107.80	107.6	107.0	108.7	109.70 (13/2)	95.90 (3/1)
GERMANY						
FAZ-Aktien 31/12/58	228.81	(u)	224.18	224.41	239.38 (26/2)	212.73 (28/3)
Commerzbank (Dec. 1953)	715.00	708.8	705.5	705.5	749.2 (25/2)	667.0 (27/3)
HOLLAND						
ANP-CBS General (1970)	85.1	85.3	85.5	75.8	87.0 (11/2)	74.8 (27/3)
ANP-CBS Indust. (1970)	65.5	65.8	66.2	66.6	68.2 (11/1)	58.2 (28/3)
HONG KONG						
Hang Seng Bank (31/7/64)	969.16	971.30	961.99	955.94	971.30 (12/6)	738.5 (19/3)
ITALY						
Banca Comm. Ital (1972)	101.71	102.06	101.52	100.30	210.06 (12/8)	83.17 (2/1)
JAPAN						
Dow Average (16/5/49)	6821.81	6814.72	6826.91	6785.24	6894.81 (25/4)	6476.96 (27/3)
Tokyo New SE (4/1/68)	466.45	465.69	466.45	465.93	472.65 (14/2)	449.81 (10/3)
NORWAY						
Oslo SE (1/1/72)	129.12	129.82	128.72	130.67	144.78 (14/2)	118.12 (29/5)
SINGAPORE						
Straits Times (1966)	538.85	540.41	538.49	535.08	540.41 (12/6)	429.75 (3/1)
SOUTH AFRICA						
Gold (1958)	—	667.2	655.6	658.9	848.0 (9/6)	505.8 (4/1)
Industrial (1958)	—	521.0	525.5	526.8	529.1 (28/6)	466.0 (29/1)
SPAIN						
Madrid SE (26/12/78)	101.25	100.75	99.79	98.67	103.28 (21/2)	93.76 (15/6)
SWEDEN						
Jacobson & P. (1/1/58)	586.27	567.25	580.14	569.88	586.98 (8/2)	334.72 (17/1)
SWITZERLAND						
Swiss Bank Co. (31/12/58)	298.28	296.4	294.7	294.4	317.9 (11/2)	284.3 (22/4)
WORLD						
Capital Intl. (1/1/70)	—	141.9	142.0	141.6	145.3 (13/2)	129.5 (27/3)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Dart Inds.	739,100	44⅛	−⅛	Boeing	514,900	38⅞	−⅛
General Motors	696,700	48	+2⅛	Northwest Air	439,700	22¾	−1½
Knight-Ridder	637,400	24⅞	+1½	Occidental Pet.	492,000	26⅞	−⅛
Mesa Petroleum	531,900	37	−⅛	Caesars World	466,900	16⅞	+2⅛
IBM	522,500	58	—	Texaco	456,800	37⅞	−⅛

S. Africa to ease stamp duty on shares

By Jim Jones in Johannesburg

IN A MOVE aimed at making purchases of South African shares more attractive, the South African Parliament is expected to approve legislation to abolish the 1 per cent stamp duty on share purchases from South African investors by non-residents.

Legislation being discussed yesterday is unlikely to be altered and would become effective from July 1. Payment of the duty has long been a bone of contention particularly between London and Johannesburg. Until now only specified governments and semi-government loan stocks have been exempt from stamp duty for marketable securities tax. Because of the distance between the two stock markets London has long been at a disadvantage in equity purchases when compared to Johannesburg investors.

Previously, stamp duty was payable on registration of arbitrage deals between Johannesburg and foreign buyers. To an extent this tended to lead to delays in registration or in some cases complete lack of registration of deals.

$35m disposal profit seen

AMERICAN FINANCIAL Corporation of Cincinnati expects to realise pre-tax gains of $35.5m from the sale of interests in two companies, reports AP-DJ.

American Financial said it held a substantial block of shares in ERC Corporation, the insurance group which is the subject of a $97 a share offer from Getty Oil and that it expects a pre-tax gain of $16m from disposing of the ERC stock.

FRENCH GOVERNMENT MOVE

Elf Aquitaine to lower state stake

BY TERRY DODSWORTH IN PARIS

THE FRENCH Government is aiming to extend the scope of its campaign to reduce state shareholdings in industry by selling off a significant part of the nationalised oil company, Elf Aquitaine.

The move follows similar developments in the financial arena, where both Societé Générale, one of the big three state banks, and Assurances Generales de France, the second largest French insurance company, have recently offered shares to the public. But the Government's instructions to Elf are potentially mor eimportant give nits size—it is one of the three or four largest French groups in terms of turnover—and its impact on industry.

Elf, 70 per cent state-owned, has been given three weeks by the authorities to come up with proposals for reorganising the group. In a letter to the management, however, M. Raymond Barre, Prime Minister, has already made it clear that the Government has a firm view of what it wants from the reorientation.

Underlying this plan is the idea that Elf's enormously improved financial position — it made net consolidated profits of FFr 5.9bn ($1.4bn) last year—should be used for international expansion and careful diversification while reducing its reliance on the State. The company5s 1979 results, followed by earnings of around FFr 3.6bn in the first five months of this year, give the Government the chance to dispose of some of the equity — probably up to another 20 per cent—in healthy circumstances.

At the same time, the turnaround has allowed M. Barre to adjudicate in a long-running argument between the company, which would like complete freedom of action, and the Industry Ministry, which has been insisting on its rights as the final arbiter of the company's affairs.

The letter makes it clear that M. Barre has no intention; of going the whole way towards liberalisation by denationalising Elf. The most likely solution is that the state will retain some 51 per cent of the shares, slightly more than its stake in the Total oil group, where 35 per cent of the equity and 40 per cent of the voting rights are in state hands.

In addition, M. Barre insists on the continuation of Elf's national role in ensuring France's oil supply—a long-standing requirement for the French oil companies—and in helping development projects in south west France.

Capital Holding to buy insurance company

VALLEY FORGE — Capital Holding Corporation has tentatively agreed to acquire National Liberty Corporation for about $359m in debentures, notes and cash.

Capital Holding owns six life insurance companies which serve predominantly the south-eastern U.S. It had premium income of $342m in 1978.

National Liberty is an insurance marketing and underwriting company which specialises in health coverage. It had gross premium income of $245m in fiscal 1978.

Capital Holding said the payment would consist of $110m of 25-year sinking fund debentures, $198m of 20-year notes and $51m cash.

The estate of National Liberty founder Mr. Arthur Demoss, which holds about 76 per cent of National Liberty's outstanding shares, has agreed to vote in favour of the transaction, Capital Holding said.

The estate has also granted Capital an option to purchase its shares if the proposed transaction is not approved by National Liberty's shareholders by January 31, 1981.

Capital said the agreement in principle provides that interest on the notes and debentures would be fixed at or near the closing date at a rate based on prevailing market rates, provided that the interest rate is between 11¾ and 12¾ per cent.

If the market interest rate at or near the closing exceeds 13¾ per cent National Liberty could terminate the agreement. If the market interest rate is les than 10¾ per cent Capital Holding could terminate it.

Capital Holding said the notes would be subject to certain restrictions on resale, adding it would fully guarantee the notes and debentures. A year-end completion of the deal is contemplated.

Following the closing and payment of certain expenses in connection with the transaction, Capital said National Liberty would then distribute to its holders the balance of the consideration.

As a result National Liberty shareholders, other than the estate, would receive about $3.68 cash and $22.29 in debentures, or a total of $25.97 for each share held, Capital said.

The estate would receive about $18.26 of notes, $4.03 of debentures and $3.68 cash, or a total of $25.97 a share.

Capital said a definitive agreement must be reached and be approved by directors of both companies and by holders of a majority of National Liberty's common shares.

Reuter

Sharp improvement for Swedish office supplier

BY VICTOR KAYFETZ IN STOCKHOLM

ESSELTE, the Swedish office supply, graphics and packaging group, reports a pre-tax profit of SKr 305m ($73.31m) for the financial year ended March 31, against SKr 231m the year before. At the nine-month stage it had forecast SKr 275m in 1979-80 earnings.

The Board proposes a dividend of SKr 7 per share, up from SKr 5.50, for a payment totalling SKr 44m. Theoretical earnings per share rose from SKr 18 to SKr 24.

Consolidated sales for comparable units increased by 13 per cent to SKr 4.1bn ($982m). The improvement in earnings was mainly due to companies outside Sweden the preliminary report states.

Esselte business systems, the group's office supply sector which since January has been administered from London, increased its share of group sales from 55 to 57 per cent and accounted for about 70 per cent of operating profit before elimination of intra-group earnings. This was an increase from 66 per cent a year earlier.

For the 1981 financial year Esselte forecasts sales up 15 per cent to SKr 4.75bn and said that "it ought to be possible to improve earnings further.

Australian finance group gains more bank aid

BY JAMES FORTH IN SYDNEY

THE MAJOR bank shareholders of the Australian finance company Beneficial Finance Corporation have launched their second support operation for the company in a year. Beneficial is not related to the U.S. group of the same name which operates in Australia under the name BFC.

Beneficial's major shareholders are Bank of Tokyo (21.4 per cent), International Bank of Detroit (15.6 per cent), State Bank of South Australia (9.4 per cent) and Rural Bank of New South Wales (5 per cent).

The company has been hit by loss of income from problem property assets. Last August a support scheme was organised involving a cash issue to all shareholders.

It was hoped that this would be sufficient but Beneficial last month announced a 25 per cent fall in profit for the year to March.

The two overseas banks have agreed to place sufficient U.S. dollar funds into a trust in Hong Kong (where the tax rate is lower) to generate income of A$9m ($10.4m) over three years.

The overseas banks will also subscribe A$1.5m to a new issue of convertible preference shares

Winterthur insurance group ahead

By John Wicks in Zurich

RECORD BUSINESS volumes are reported for Winterthur insurance group for 1979, with consolidated gross premium income up by 9.6 per cent to SwFr 3.35bn (2.06bn) and investment income by 7.9 per cent to SwFr 628m ($387.6m).

The insurer has already announced its intention to pay an increased dividend of SwFr 46 (SwFr 43 in 1978) per share of Winterthur Swiss Insurance Company and an unchanged SwFr 70 per share of Winterthur Life Insurance Company.

The past year was "good all round" for Winterthur Swiss Insurance, the company said. Gross premium income, up 7.2 per cent to SwFr 1.98bn would have been substantially higher but for a change in accounting procedure which led to a temporary decrease in inward reinsurance premiums. The sum—about SwFr 100m — will be made up for next year.

Direct gross premium income of this company rose by 11.5 per cent to SwFr 1.67bn, of which almost one-half originated in Switzerland. Swiss premium growth was accelerated by the gradual takeover of property insurance from the Federal insurance company of Zurich. Abroad, direct insurance grew by an even faster rate of 14 per cent, with particularly marked increases in West Germany and Holland.

Underwriting results were better than in 1978 with a slight deterioration in the expense ratio being more than offset by a more favourable loss ratio. While results in Switzerland were "satisfactory," underwriting losses in France over-shadowed the positive developments in almost all other countries.

"Forceful development" of Winterthur Life led to a 15.3 per cent rise in its premium income to SwFr 1.13bn. Swiss premiums rose 16.1 per cent to SwFr 816m and foreign business by 13.8 per cent to SwFr 282.3m.

A further SwFr 33.4m was accounted for by business accepted from other insurers. Winterthur Life is to begin operations in Italy this year.

Of Winterthur Life's total policy value of SwFr 39.96bn at the end of last year, about SwFr 12.93bn was foreign business. Of the whole, SwFr 32.32bn was life policies and SwFr 7.64bn pension schemes.

Japanese companies in Canadian newsprint deal

BY WILLIAM HALL

OJI PAPER, Japan's largest newsprint producer, and Mitsui and Company, the diversified Japanese group, plan to spend over $100m for a one-third share in a Canadian newsprint mill belonging to International Paper, of the U.S., the world's largest paper company.

Mr. C. S. Flenniken, the chief executive of Canadian International Paper (CIP), the Canadian subsidiary of International Paper, said yesterday that agreement had been reached to sell 33 per cent of its subsidiary, New Brunswick International Paper Company.

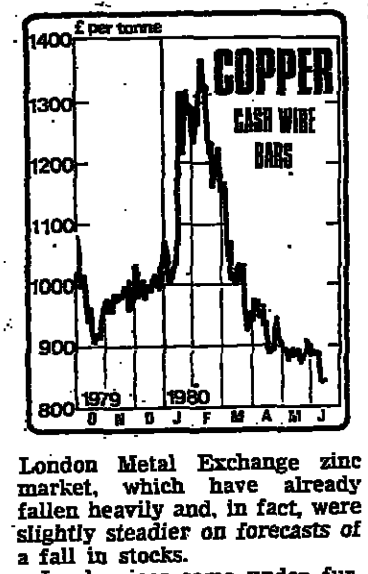
The Dalhousie, New Brunswick, newsprint mill of CIP is the smallest of its three Canadian newsprint mills. Last March CIP announced that it was modernising the mill and upgrading its capacity by 100,000 tonnes from its present capacity of 272,000 tons a year.

Canadian International Paper is responsible for International Paper's worldwide newsprint business and last year sold 1.4m tonnes making it the second largest newsprint producer in North America.

COMMODITIES/REVIEW OF THE WEEK

Copper prices sink to 10-month low

BY OUR COMMODITIES STAFF



Copper prices fell to the lowest level for 10 months on the London Metal Exchange this week. Cash wirebars closed last night £40.5 down on th week at £841.5 a tonne.

The decline reflects the general mood of depression about consumption prospects for all the base metals U.S. copper producers lowered their domestic selling prices again this week, by 2 cents to 88 cents a pound amidst reports of cutbacks in demand from several of the main copper markets, especially the automobile industry.

A spokesman for the U.S. copper workers' unions, currently involved in negotiating the terms of new labour contracts, due to expire on June 30, claimed prospects for avoiding a strike were reasonably good although he expected the talks to continue right up until the deadline.

London dealers feel U.S. aluminium workers recent settlement, without a stoppage, has provided a precerent even though copper companies might be prepared to be tougher. At the same time it is estimated there are sufficient stocks on hand to last for three months even if a U.S. strike was called.

U.S. producers also cut domestic zinc prices by 2 cents to 35.5 cents a pound. hTis had relatively little impact on the London Metal Exchange zinc market, which have already fallen heavily and, in fact, were slightly steadier on forecasts of a fall in stocks.

Lead prices came under further pressure. Predictions of a big rise in stocks were claimed to have been already discounted. But the market remains very depressed by the fall in battery sales both in the U.S. and Europe.

Aluminium futures continued to slide with the cash price falling below £700 for the first time since early September last year.

World Sugar values staged a sharp rally this week in reaction against the technical shake-out which had trimmed prices from recent 5½-year highs. Prices continued their downward trend early on with the October position on the London futures market slipping to £349.125 at Tuesday's close, but by the end of the week October sugar was quoted £20.875 up on the week at £380.5 a tonne.

Prices had been depressed by the Philippines' denial that it had sold sugar to the USSR and by reports that Thailand's production problems were easing. This raised hopes that the Thai force majeure on sugar shipments might soon be lifted.

But from midweek increased physical demand turned the market round, with Tunisia, Portugal, Bolivia and Iran all reported to be seeking supplies.

Cocoa prices rose early in the week with reports of increased Continental demand outweighing news of cut-priced Nigerian sales. But they moved lower later on in response to Brazil's announcement that it had abandoned its $1.20 a pound minimum export price. This followed the Ivory Coast's announcement a week earlier that it had sold 100,000 tonnes of the stockpile it had built up in its attempt to support world cocoa prices. The two moves mean that the world cocoa market is no win a free-for-all situation with all serious attempts to support prices abandoned.

Coffee prices also declined in spite of warnings that transport problems in Uganda might cause shipment delays to worsen. September delivery coffee ended the week £39 lower

WEEKLY PRICE CHANGES

[illegible]

MARKET REPORTS

BASE METALS

COPPER—Steady on the London Metal Exchange. An initial flurry of short-covering pushed forward metal up to £870.5 on the early pre-market but the market failed to sustain this level as profit-taking and general liquidation depressed the price to £865 in the rings. In the afternoon a disappointing opening on Comex encouraged renewed selling which pushed the price down to £862.5 on the late kerb. Turnover 15,975 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	845-6	+4	841-2	+.75
3 months	867-.5	+4	862.5-3	+.5
Settlem't	846	+4	—	......
Cathodes				
Cash			816-9	......
3 months	819-20	+1	840-2	+1.25
Settlem't	843-5	+2	—	......
U.S. Prod	820	+1	*88-90	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £846, three months £868, 67, 66.5, 66, 65, 66, 67, 66.5. Cathodes, three months £844. Kerb: Wirebars, three months £868, 69, 69.5. Afternoon: Wirebars, three months £866, 67, 66.5, 67, 66, 66.5, 66, 63, 62, 61, 62, 63, 62.5, 62, 62.5, 63. Kerb: Wirebars, three months £862, 63, 62.5, 62, 63, 63.5, 63, 62.

TIN—Barely changed in quiet trading. Forward metal traded within narrow limits throughout the day with hedge buying during the morning being met by profit-taking in the afternoon. Three months subsequently drifted from £7,360 in the morning to close the afternoon kerb at £7,340. Turnover 865 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7365-75	+15	7330-40	+2.5
3 months	7410-30	+98	7400-20	+10
Settlem't	7375	+15	—	......
Standard				
Cash	7320-35	-27.5	7330-40	+2.5
3 months	7360-70	—20	7360-5	+7
Settlem t	7335	—25	—	......
Straits E.	‡$2159	+4		......
NewYork	—	......		......

Morning: Standard, cash £7,360, 40, 30, three months £7,340, 60, 70, 60, 65. Kerb: Standard, three months £7,350. Afternoon: Standard, cash £7,330, three months £7,360. Kerb: Standard, three months £7,320.

LEAD—Slightly firmer following persistent short-covering. Forecasts of a substantial rise in warehouse stocks failed to depress the market which had already discounted the increase. Consequently forward metal edged up from the day's low of £306 to close the late kerb at £316.5. Turnover 7,725 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	300-1	—.5	304-6	+5.5
3 months	309-10	—1	312.5-3	+4
S'ment	301	—1	—	......
U.S. Spot	—	......	*36-40	......

Morning: Cash £302, 01, three months £308, 09, 09.5, 10, 10.5, 10, 09.5. Kerb: Three months £310. Afternoon: Three months £310, 11, 12, 13, 12. Kerb: Three months £314, 15, 16.

ZINC—Little changed with forward metal opening and closing at £294.5 after a day of quiet and routine trading. Turnover 3,625 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	284-.5	+1.75	284-5	+1.5
3 months	295-.5	+1	295-5	+.75
S'ment	284.5	+1.5	—	......
Primw'ts	—	......	*36.5	—7.5

Morning: Cash £284.5, three months £294.5. Kerb: Three months £294, 95. Afternoon: Three months £295, 94.5, 95. Kerb: Three months £294.

ALUMINIUM—Under pressure from general liquidation and hedge selling which in turn triggered stop-loss selling. After opening at £714, three months fell sharply to £701 with heavy volumes changing hands at the lower level. However, a minor rally lifted the price to £704.5 by the end of the kerb. Turnover 6,025 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	†+ or —
	£	£	£	£
Spot	689-91	—10.5	692-4	—9.5
3 months	700.5-1	—9.25	702-3	—8.75

Morning: Cash £690, three months £705, 04, 03, 02, 700, 01, 700.5, 01, 02, 01, 01.5, 01, 700.5, 01. Kerb: Three months £701. Afternoon: Three months £703, 02, 03, 02. Kerb: Three months £702, 03, 04, 05.

NICKEL—Edged higher in quiet trading to close the late kerb at £2,745 with forecasts of a modest fall in stocks narrowing the contango to around £75. Turnover 162 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2640-60	+20	2660-70	+55
3 months	2730-40	+20	2735-45	+45

Morning: Three months £2,720. Kerb: Three months £2,735, 40. Afternoon: Three months £2,740, 45. Kerb: Three months £2,740.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 34.8p an ounce higher for spot delivery in the London bullion market yesterday at £6.8835. U.S. equivalents of the fixing levels were: Spot $16.15, up 85c; three-month $16.49, up 8.7c; six-month $16.84, up 86.3c; and 12-month $17.568, up 82c. The metal opened at £6.80-£7.00 ($16-$16.4) and closed at £6.90-£7.05 ($16.15-$16.45).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	688.35p	+34.8	699.0p	+26.5
3 months	715.35p	+35.3	726.0p	+28.5
6 months	739.50p	+36.8	—	......
12months	783.50p	+38.8	—	......

LME—Turnover 164 (111) lots of 10,000 ounces. Morning: cash 690, three months 720, 18, 16, 15, 16, 17, 20, 19, 18, 17. Kerb: untraded. Afternoon: three months 317, 16, 17, 16.8, 17, 20, 23, 24, 25. Kerb: three months 727.

COCOA

A little steadier at the opening, futures failed to hold the levels, and in thin trading conditions eased to the lows of the day during the closing call, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
July	1082-85	+0.50	1096-80
Sep	1101-03	—5.0	1199-1100
Dec	1150-51	—2.0	1162-50
March	1188-89	—6.0	1204-1187
May	1210-14	—9.0	1225-20
July	1232-40	—9.0	—
Sept	1260-64	—8.0	—

Sales: 2,773 (6,587) lots of 10 tonnes.

COFFEE

Robustas opened around unchanged levels but tended to drift lower before good trade buying emerged to support prices just above recent chart objectives. In the afternoon prices fluctuated erratically at times but generally maintained a steady tone, reports Drexel Burnham Lambert.

COFFEE	yesterday's Close (£ per tonne)	+ or —	Business Done
July	1642-44	—4.0	1651-36
Sept	1698-01	+2.0	1705-88
Nov	1722-32	+4.5	1728-07
January	1728-30	—0.5	1738-20
March	1695-98	—10.0	1698-81
May	1674-95	—10.5	1679-61
July	1665-00	—5.0	—

Sales: 4,985 (3,985) lots of 5 tonnes.

ICS Indicator prices for June 12 (U.S. cents per pound): Other Mild Arabicas 188.33 (190.00). Robustas ICA 1976 174.25 (176.25). ICA 1968 174.50 (176.50). Unwashed Arabicas 209.00 (209.50). Comp. daily ICA 1968 191.72 (183.00).

GRAINS

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 92.50, E. Midlands 90.50, N. East 91.90, Scotland 91.20. Other milling wheat: E. Midlands 102.00, N. East 103.50.

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

AMERICAN MARKETS

NEW YORK, June 13.

GOLD AND silver responded with good gains to the lowering of the Federal Discount Rate, but late selling erased a big part of the advances. Copper sold off on continued negative economic news. Cocoa broke sharply

[illegible]

INDICES

[illegible]

COTTON

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

Stock Exchange dealings

Thursday, June 12	21,166
Wednesday, June 11	18,003
Tuesday, June 10	20,240
Monday, June 9	20,047
Friday, June 6	17,755
Thursday, June 5	17,044

The list below gives the prices at which bargains were done by members of the Stock Exchange and recorded in last Thursday's Stock Exchange Daily Official List. For those securities not marked in Thursday's List, we show the latest markings recorded during the previous four business days. These are distinguished by the dates shown in parentheses.

The number of dealings marked on Thursday in each section follows the name of the section. Unless otherwise denoted, shares are £1 fully paid and stock £100 fully paid.

Members are not obliged to mark bargains, except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business has been done. Bargains are recorded in the Official List up to 2.15 pm only, but later transactions can be included in the following day's Official List. The figures shown above, on the other hand, are the total number of bargains transacted in all securities up to 3.30 pm. No indication is available as to whether a bargain represents a sale or purchase. Markings are not necessarily in order of execution, and only one bargain in any one security at any one price is recorded.

‡ Bargains at Special Prices. Δ Bargains done with or between non-members. ♦ Bargains done previous day. § Bargains done with members of a recognised Stock Exchange. ♣ Bargains done for delayed delivery or "no buying-in." $A—$Australian; $B—$Bahamian; $C—$Canadian; $HK—$Hong Kong; $J—$Jamaican; $Ma—$Malayan; $Me—$Mexican; $NZ—$New Zealand; $S—$Singapore; $US—$United States; $WI—$West Indian.

BRITISH FUNDS (541)

CORPORATIONS (23)

Greater London 6¼pc Stk (1990-92) 62¼. 7¼pc Stk. (1981) 92⅞ (10/6). 9¼pc Stk. (1980) 97⅝ 9/16 (9/6). 9½pc Stk (1980-82) 90⅛. 12½pc Stk. (1982) 96¾. 12½pc Stk. (1983) 95¼♦
Bath (City of) 11¼pcRed.Stk. (1985) 91½ (11/6)
Birmingham Corp. 7¼pc Stk. (1980-82)

COMMONWLTH. GOVTS. (5)

FOREIGN STOCKS (1)

BANKS (165)

Toronto-Dominion Bank ($C1) £11⅞ (6/6)
Union Discount 442♦ 500♦ 350♦

BREWERIES (125)

Allied Breweries (25p) 83♦ 5 ½ 4½ 4. 4¼pcDb. 1975-80 96½ (11/6). Do.

COMMERCIAL (1,871)

A—B

Burrell (5p) 6½ (11/6)
Burroughs Machines 5½pcUnscd.Ln. 81 (10/6)
Burton Gp. (50p) 121♦ 2 3. Wts to sub. for Ord. 39♦ 40 1. 7pcUnscd.Ln. 75
Butterfield Harvey (25p) 41 (11/6). 5½pc Pf. 34½ (11/6)

C—D

Cadbury Schweppes (25p) 56♦ 7♦ ½♦ 6½ 7½ 8. 9pcUns.Ln. 69¼ (10/6)

Gestetner Hldgs. (25p) 68 (11/6). A (25p) 66♦ 6 5 7 10pcUns.Ln. 70
Gieves Grp. (1980) (25p) 46 (10/6)
Gill Duffus Grp. (25p) 132♦ 4 5
Giltspur (10p) 56 (11/6)
Glaxo Grp. 7½pcUns.Ln. (50p) 29 (11/6)
Glaxo Hldgs. (50p) 209 6 8. 7½pcUns. Ln. 89 8
Gleeson (M.J.) (10p) 34 (9/6)
Glynwed (25p) 80½. 6pcUns.Ln. 64½ (9/6)
Goldberg (A) Sons (25p) 64

E—F

G—H

I—J—K

L—M

N—O—P

Q—R—S

T—U—V

W—Y—Z

ELEC. LIGHT & POWER

FINANCIAL TRUSTS (89)

Unilever Grp. (R020) 79 (10/6)
United Dominions Tst. (25p) 58 7½ 8½ ½. 16pcLn. 154½ (9/6)
Wagon Finance Con. (25p) 47
Western Selection, Development (20p) 21 (6/6)
Yule Catto (10p) 112♦

GAS (18)

Imperial Continental Gas Assn. 876♦ 86♦ 89 91 82 1 5 6 90 84. 8pcLn. 115♦ ½♦ 11♦ ½♦

INSURANCE (101)

Bowring (C.T.) (25p) 165♦ 5. 10pcLn. 240 (6/6)
Brentnall Beard (Hldgs.) (10p) 9 (11/6)
Britannic Assurance (5p) 200
Commercial Union Assurance (25p) 134 7 5 6
Eagle Star Hldgs. (25p) 180 3
Ecclesiastical Ins. Office. 10pcPf. 92¼ 2 (11/6)

INVESTMENT TRUSTS (126)

U.S. Db. (25p) 87 (11/6)
Viking Resources Trst (25p) 215
Wemyss Inv. 290 (9/6)
Westpool Inv. Trst. (25p) 150
Winterbottom Trst. (25p) 214 ½ (9/6)
Witan Inv. (25p) 95½♦ 6 ½. 6¼pcDb. 56 (10/6)
Yorks. Lancs. Inv. Trst. (25p) 34
Young Cos. Inv. Trst 102 (10/6). Wnr. 23½ (10/6)

UNIT TRUSTS (8)

M and G American Gen. Fund Inc. 50¼ (10/6)
M and G American Recovery Fund Accm. 52.3
M and G Conv. Trst. Fund. Grwth. 92.1 (9/6). Inc 72.8♦ 72.9
M and G Div. Fund Inc. 121♦. Accum. 259♦
M and G Extra Yield Fund Inc. 83.8 (9/6)
M and G High Inc. Fund Inc. 101½♦. Accm. 192 (11/6)

EUROPEAN OPTIONS EXCHANGE

Series		July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN C	F.280	—	—	2	17	—	—	F.287
AKZ C	F.22.50	22	1.90	—	—	—	—	F.23.90
AKZ C	F.25	60	0.50	36	1.50	10	2.10	"
AKZ C	F.27.50	—	—	5	0.60	—	—	"
AKZ P	F.25	2	1.30	—	—	—	—	"
ARB C	F.60	4	5	—	—	—	—	F.64
EK C	$50	—	—	2	7¼	—	—	$55⅝
EK C	$60	20	⅛	1	1⅝	—	—	"
HEI C	F.60	18	2.30	12	4	—	—	F.59.30
HEI C	F.65	10	0.40	—	—	—	—	"
HEN P	F.56	1	1.50	—	—	—	—	F.59.40
HO C	F.17.50	—	—	30	1.20	—	—	F.16.90
HO C	F.20	—	—	5	0.60	—	—	"
IBM C	$60	—	—	2	3	—	—	$58
KLM C	F.60	6	6	4	7.40	—	—	F.65
KLM C	F.70	22	0.80	—	—	10	4.50	"
KLM C	F.80	1	0.20	58	1.30	—	—	"
KLM P	F.60	235	2.20	85	4.50	—	—	"
KLM P	F.70	13	8.10	19	10.50	—	—	"
KLM P	F.80	13	18.50	—	—	—	—	"
NAT C	F.104.50	20	7.80	—	—	—	—	F.112
NAT C	F.109.10	10	3.50	26	6.70	—	—	"
NN C	F.110	3	3.50	10	6	—	—	"
NN C	F.120	—	—	4	1.90	8	3.50	"
PET C	Fr.6000	—	—	7	180	—	—	Fr.5230
PHI C	F.17.50	—	—	82	1.50	—	—	F.17.90
PHI C	F.20	—	—	2	0.50	—	—	"
RD C	F.150	—	—	1	17	—	—	F.165.90
RD C	F.160	7	7.40	44	9.60	1	11.50	"
RD C	F.170	37	2	71	4.30	11	6.50	"
RD P	F.150	22	0.50	6	2.60	—	—	"
RD P	F.160	37	1.80	6	6.50	—	—	"
RD P	F.170	10	6.80	—	—	—	—	"
UNI C	F.105	5	10	—	—	—	—	F.114.30
UNI C	F.110	2	5	—	—	1	12	"
UNI C	F.115	5	1.60	8	4.50	—	—	"
UNI C	F.120	2	0.40	8	1.60	1	5.50	"
UNI P	F.105	—	—	5	1.20	—	—	"
UNI P	F.110	—	—	5	2	2	4	"
UNI P	F.115	—	—	6	3.80	—	—	"
		Aug.		Nov.		Feb.		
MMW C	DM.120	—	—	1	4	—	—	DM115.50
		June		Sept.		Dec.		
GM C	$45	20	3⅛	10	4¾	—	—	$48
GM C	$50	20	1/16	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 1232

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	17 %	■ Hambros Bank	17 %
Allied Irish Bank	17 %	■ Hill Samuel	§17 %
American Express Bk.	17 %	C. Hoare & Co.	†17 %
Amro Bank	17 %	Hongkong & Shanghai	17 %
Henry Ansbacher	17 %	Industrial Bk. of Scot.	17½%
A P Bank Ltd.	17 %	Keyser Ullmann	17 %
■ Arbuthnot Latham	17 %	Knowsley & Co. Ltd.	19 %
Associates Cap. Corp.	17 %	Langris Trust Ltd.	17 %
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	Edward Manson & Co.	18 %
Bank of Cyprus	17 %	Midland Bank	17 %
Bank of N.S.W.	17 %	■ Samuel Montagu	17 %
Banque Belge Ltd.	17 %	■ Morgan Grenfell	17 %
Banque du Rhone et de la Tamise S.A.	17½%	National Westminster	17 %
		Norwich General Trust	17 %
Barclays Bank	17 %	P. S. Refson & Co.	17 %
Bremar Holdings Ltd.	18 %	Rossminster	17 %
Brit. Bank of Mid. East	17 %	Ryl. Bk. Canada (Ldn.)	17 %
■ Brown Shipley	17 %	Schlesinger Limited	17 %
Canada Perm't Trust	18 %	E. S. Schwab	17 %
Cayzer Ltd.	17 %	Security Trust Co. Ltd.	18 %
Cedar Holdings	17 %	Standard Chartered	17 %
■ Charterhouse Japhet	17 %	Trade Dev. Bank	17 %
Choulartons	17 %	Trustee Savings Bank	17 %
C. E. Coates	17 %	Twentieth Cnty. Bk.	17 %
Consolidated Credits	17 %	United Bank of Kuwait	17 %
Co-operative Bank	*17 %	Whiteaway Laidlaw	17½%
Corinthian Secs.	17 %	Williams & Glyn's	17 %
The Cyprus Popular Bk.	17 %	Wintrust Secs. Ltd.	17 %
Duncan Lawrie	17 %	Yorkshire Bank	17 %
Eagil Trust	17 %		
E. T. Trust Limited	17 %		
First Nat. Fin. Corp.	19½%		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	17 %		
Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		
■ Guinness Mahon	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%, 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

ACTIVE STOCKS

YESTERDAY—

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
LASMO	25p	11	670	+15	685	337
Premier Cons.	5p	10	95	+ 5	98½	39½
BP	25p	9	370	+ 2	412	320
Shell Transport	25p	8	404	+ 2	410	314
Courtaulds	25p	7	68	—	79	64
GEC	25p	7	371	+ 4	388	326
ICI	£1	7	376	+ 6	402	348
Imp. Cont. Gas	£1	7	886	—	886	593
Land Secs. "New"	Nil/pd.	7	63pm	+ 5½	63pm	44pm
Burmah Oil	£1	6	222	+ 5	249	162
Dunlop	50p	6	76	+ 3	76	51
Reckitt & Colman	25p	6	194	+ 8	216	162
Thorn EMI	25p	6	282	+ 6	328	260
Tricentrol	25p	6	374	+ 6	388	250
Unilever	25p	6	450	+ 5	480	388

ON THE WEEK—

Stock	Denomination	No. of marks	Closing price (p)	Change on week	1980 high	1980 low
Premier Cons.	5p	50	95	— 3	98½	39½
BP	25p	48	370	+20	412	320
ICI	£1	45	376	+20	402	348
Shell Transport	25p	45	404	+ 6	410	314
RTZ	25p	44	402	+15	485	327
LASMO	25p	41	670	—10	685	337
P. & O Defd.	£1	39	116	+ 1	125	105
Imp. Cont. Gas	£1	38	886	+40	886	593
Unilever	25p	37	450	+15	480	388
GEC	25p	36	371	+15	388	326
Marks & Spencer	25p	35	92	+ 7	96	77
Ultramar	25p	35	372	+14	372	208
Barclays Bank	£1	34	452	+27	452	392
Tricentrol	25p	34	374	— 6	388	250
Burmah Oil	£1	33	222	— 2	249	162

Dividends shown pence per share net except where otherwise stated.

TEA (4)

Lawrie 420Φ
McLeod Russel 358Φ. 4.2pcPf. 38 (5/6)
New Sylhet 195Φ
Roma 553 (9/6)
Ruo. Ests. (25p) 65 (8/6)
Surmah Valley (5p) 130Φ
Warren (25p) 178 (9/6)

JUNE 10

Aberfoyle 420Φ 400
Anglo Utd. Development 135
Australian Cons. Minerals 19
Australian Oil and Gas 102Φ
Basic Resources 498
Basin Oil 80Φ
Bougainville Copper 132Φ 21 3 4
Bow Valley 635Φ
Bridge Oil 205Φ 7Φ
CSR 336Φ 28 2 30 6
CSR New 310
Canadia North West Aust. Oil 22½Φ 3½Φ
Carr Boyd Minerals 31Φ
Central Norseman 475 512½ 487½
Central Pacific Minerals £29¼Φ 7½ 27 59
Cheung Kong 123
Conzinc Riotinto 284Φ 76
Coope Inds. £14½
Coltus Pacific 36Φ
Duff Developments 70Φ
El Paso 800Φ
Endeavour Resources 25½Φ 5 3½ 4

JUNE 11

Aran Energy 416 18 21 2 4
Berkeley Exploration & Production (50p Paid) 203 4 5 7 8 9 10 14 15
Candecca Resources 156 7 8 9 60 1 2 3 4 5
CCP North Sea Assoc. 263 5 6 7 8 72
Cluff Oil 350 5 60
Gas & Oil Acreage 395 400
Pict Petroleum 420 5 30 5 40
Siebens Oil and Gas (UK) 225 8 30 2 3 5

Aran Energy 418 20 2 4 6 8 30
Berkeley Exploration & Production (50p Paid) 210 12 13 14 15 16 17
Candecca Resources 153 5 6 7 8 9 60 1 2 3
CCP North Sea Associates 283 4 5
Cluff Oil 365 70 5
Gas & Oil Acreage 405 10
Pict Petroleum 440 4 5 6 7 50 5 8 60 4 5
Siebens Oil & Gas (UK) 237 8 40 2 3 5 6 7 8 50
Viking Oil (Assented) £13.50

(By permission of the Stock Exchange Council)

LOCAL AUTHORITY BOND TABLE

Authority (*telephone number in parentheses*)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Knowsley (051 548 6555)	14⅞	½-year	1,000	1
Redbridge (01-478 3020)	14.18	½-year	200	3-4
Redbridge (01-478 3020)	14	½-year	200	5-6

BUILDING SOCIETY RATES

	Deposit rate	Share accounts	Sub'pn shares	*Term shares
	%	%	%	%
Abbey National	*10.25*	*10.50*	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Aid to Thrift	10.85	11.37	—	—
Alliance	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Anglia Hastings and Thanet	10.25	10.50	11.75	13.00 6 yrs., 12.50 5 yrs.
Bradford and Bingley	10.25	10.50	11.75	11.25 one month's notice deposit
Bridgwater	10.25	10.50	12.00	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Bristol and West	10.25	10.50	11.75	—
Bristol Economic	10.25	10.50	11.75	10.75 3 months
Britannia	10.25	10.50	11.75	12.50 5 yrs., 11.25 3 months' notice
Burnley	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Cardiff	10.50	11.50	12.50	—
Catholic	*10.05*	*10.75*	11.65	— *Share a/cs 10.95 over £5,000*
Chelsea	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.55 6 mths.
Cheltenham and Gloucester	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Cheltenham and Gloucester	—	11.50	—	— Premium shares including 1.00 bonus p.a. (£15,000 or £20,000)
Citizens Regency	10.25	10.85	12.05	12.85 5 yrs., 12.35 4 yrs., 11.58 3 yrs.
City of London (The)	10.50	10.80	11.80	12.00 Capital City shares—4 mth. not.
Coventry Economic	10.25	10.50	11.75	12.00 4 yr., 11.50 3 yr., 11.25 3 mth. not.
Coventry Provident	10.25	10.50	12.50	12.55 av. 5 yrs., 12 4 yrs., 11.25 3 m.n.
Derbyshire	10.25	10.50	11.75	11.10 3 months' notice
Ealing and Acton	10.25	11.00	—	11.65 2 years, £2,000 minimum
Gateway	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Greenwich	—	10.75	12.00	12.75 5 yrs., 12.25 4 yrs., 11.75 3 yrs.
Guardian	10.25	10.75	—	12.26 6 mths. not., 11.75 3 mths. not. min. £1,000
Halifax	*10.25*	*10.50*	*11.75*	12.50 5 yrs., 12.00 4 yrs., *11.50* 3 yrs.
Heart of England	10.25	10.50	11.75	12.50 5 yrs., 11.00 3 mths. notice
Hearts of Oak and Enfield	10.25	10.50	11.75	12.50 4 yrs., 11.53 3 yrs., 11.50 2 yrs.
Hendon	10.50	11.00	—	12.00 6 months, minimum £2,000
Huddersfield and Bradford	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Lambeth	10.25	10.75	12.50	12.50 5 yrs., withdrawals aft. 18 mths.
Leamington Spa	10.35	10.60	14.19	12.55 5 yrs., 12.30 4 yrs., 11.90 3 yrs.
Leeds Permanent	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Leicester	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Liverpool	10.25	10.50	11.95	12.50 5 years, minimum £1,000
London Goldhawk	10.50	10.75	12.00	11.75 3 yrs., 11.50 2 yrs., 11.25 1 yr.
Melton Mowbray	10.35	10.60	11.75	12.10 4 yrs., 11.35 2 yrs.
Mornington	10.75	11.25	—	—
National Counties	10.50	10.80	11.80	11.90 6 mth., 11.35 3 mth., min. £1,000
Nationwide	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
New Cross	*11.00*	*11.25*	—	—
Northern Rock	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Norwich	10.25	10.50	12.00	11.50 3 yrs., 11.25 2 yrs., min. £500
Paddington	10.00	11.00	12.50	11.75 6 months, 11.50 3 months
Peckham Mutual	10.50	11.25	—	—
Portman	10.25	10.50	11.75	12.50 5yrs., 11.55 6 months' notice
Property Owners	10.25	11.00	12.25	12.50 av. 4 yr., 12 6 mth., 11.55 3 mth.
Provincial	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Skipton	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Sussex County	10.50	10.75	12.55	12.55 5 yrs., 12.15 4 yrs., 11.75 3 yrs.
Sussex Mutual	10.50	10.85	12.50	11.25 13.10 all with special options
Town and Country	*10.25*	*10.50*	*11.75*	12.50 5 yrs., *12.00* 4 yrs., 11.50 3 yrs.
Walthamstow	10.25	10.60	11.75	12.60 5 yrs., 11.6 6 mth. not. min. £500
Wessex	10.50	11.20	—	12.20 6 mth. not. WDL min. 3 yrs.
Woolwich	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.

*Rates normally variable in line with changes in ordinary share rates.

All these rates are after basic rate tax liability has been settled on behalf of the investor.

UK MONEY MARKET

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

The Treasury bill rate fell by 0.1166 per cent at yesterday's tender to 15.8340 per cent, and the minimum accepted bid rose to £96.04. Bids at that level *were met as to about 88 per cent* and above in full. The £300m bills on offer attracted bids of £1,525.615m, and all bills offered were allotted. Next week a further £300m will be on offer, replacing a similar amount of maturities.

In the London money market day to day credit was in short supply, mainly due to the call on Exchequer 13½ per cent 1992. There was also a moderate net take up of Treasury bills to finance *and a small increase in* the note circulation. On the other hand banks brought forward balances a small way above target and there was a moderate excess of Government disbursements over revenue transfers to the Exchequer. The authorities gave assistance by buying a *small number of Treasury bills* and corporation bills, both from banks and discount houses, and lent a moderate amount to seven or eight houses at MLR for repayment on Monday.

In the interbank market weekend money opened at 16¾-16½ per cent and rose to 20-25 per cent before coming back to 17-18 per cent. However late balances were taken between 20 per cent and 25 per cent.

Rates in the table below are *nominal in some cases.*

THE POUND SPOT AND FORWARD

June 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3390-2.3490	2.3415-2.3425	1.72-1.62c pm	8.56	4.60-4.50 pm	7.77
Canada	2.6780-2.6860	2.6835-2.6845	1.07-0.97c pm	4.56	3.50-3.40 pm	5.14
Nethlnd.	4.49-4.52	4.50¼-4.51¼	2⅞-1⅞c pm	6.32	7¼-6¾ pm	5.99
Belgium	65.60-66.05	65.80-65.90	18-8c pm	2.37	46-36 pm	2.49
Denmark	12.74-12.81	12.78-12.79	1⅛-3⅛ore dis	−2.23	8½-10⅛ dis	2.91
Ireland	1.1010-1.1065	1.1025-1.1035	0.03p pm-0.02dis	0.05	0.20-0.15 pm	0.63
W. Ger.	4.08½-4.12½	4.11-4.12	3-2pf pm	7.29	8¼-7⅛ pm	7.41
Portugal	113.80-114.80	114.00-114.20	10c pm-25 dis	0.79	15 pm-110 dis	1.67
Spain	163.50-164.00	163.60-163.70	55-120c dis	6.42	90-155 dis	−2.99
Italy	1940-1945	1941-1942	2-4lire dis	1.85	11-13 dis	−2.47
Norway	11.29-11.33	11.30½-11.31½	8½-6¼ore pm	7.76	20⅞-18⅞ pm	6.85
France	9.56-9.61	9.59-9.60	4¼-3¼c pm	4.69	10½-9½ pm	4.17
Sweden	9.67-9.72	9.67¾-9.68¾	2½-1½ore pm	2.48	5½-4½ pm	1.91
Japan	503-510	506½-507½	1.95-1.35y pm	3.91	6.65-6.05 pm	5.01
Austria	29.17-29.35	29.20-29.25	19-15gro pm	6.98	50-43 pm	6.36
Switz.	3.76-3.80	3.77¾-3.78¾	3⅞-2⅞c pm	10.71	10½-9½ pm	10.58

Belgian rate is for convertible francs. Financial franc 66.50-66.60.
Six-month forward dollar 7.25-7.15c pm. 12-month 10.85-10.70c pm.

EXCHANGES AND BULLION

FT London Interbank Fixing (11.00 am June 13). Three-month U.S. dollars 8 13/16-8 15/16 pc; six-month 8 13/16-8 15/16 pc.

The U.S. dollar finished at its best level of the day in currency markets yesterday, but was still lower than Thursday's closing *levels, in reaction to the latest* cut in U.S. interest rates. Against the D-mark it finished at DM 1.7555 compared with DM 1.7625 on Thursday and SwFr 1.6145 against SwFr 1.6250 in terms of the Swiss franc. It was also lower against the Japanese yen, finishing at Y216.40 compared with Y216.75 previously. Trading was generally featureless ahead of the weekend, but the dollar still attracted some support from central banks, but not on any great scale. On Bank of England figures, the dollar's trade weighted index fell from 83.3 to 83.0.

Sterling finished slightly easier on balance, and its trade weighted index slipped to 73.6 *from 73.7, having stood at 73.7* at noon and 73.6 in the morning. Against the dollar it opened at $2.3450 and rose to $2.3490, before coming back to $2.3450 at noon. It sank to a low of $2,3390 during the afternoon, but recovered at the close to $2.3415-2.3425, a rise of 25 points from Thursday.

Gold rose sharply to close at $605-609 in active trading, a rise of $16 an ounce. This represents a rise on the week of just $6.

GOLD

	June 13		June 12	
Gold Bullion (fine ounces)				
Close	$605-609	(£258½-260½)	$589-593	(£252-254)
Opening	$610-614	(£259½-261½)	$589-593	(£251-253)
Morning fixing	$609.25	(£259.697)	$588.75	(£251.253)
Afternoon fixing	$608.40	(£259.534)	$590.00	(£251.814)
Gold Coins				
Krugerrand	$624-628	(£266½-268½)	$608-611	(£260-263)
Mapleleaf	$623-628	(£266-268½)	$603-608	(£258-261)
New Sovereigns	$153½-155	(£65½-66½)	$150-151	(£64-65)
King Sovs	$181-183	(£77¼-78¼)	$180-183	(£77-79)
Victoria Sovs	$181-183	(£77¼-78¼)	$180-183	(£77-79)
French 20s	$157-160		$153½-156½	
50 pesos Mexico	$752-757		$732-737	
100 Cor. Austria	$600-605		$575-580	
$20 Eagles	$688-692		$682-686	
$10 Eagles	—		—	
$5 Eagles	—		—	

EXCHANGE CROSS RATES

June 13	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.342	4.115	507.0	9.595	3.783	4.508	1942.	2.684	65.85
U.S. Dollar	0.427	1.	1.757	216.5	4.097	1.615	1.925	829.0	1.146	28.12
Deutschemark	0.243	0.569	1.	123.2	2.332	0.919	1.095	471.8	0.652	16.00
Japanese Yen 1,000	1.972	4.619	8.116	1000.	18.93	7.461	8.891	3829.	5.294	129.9
French Franc 10	1.042	2.441	4.289	528.4	10.	3.942	4.698	2023.	2.797	68.63
Swiss Franc	0.264	0.619	1.088	134.0	2.537	1.	1.192	513.3	0.710	17.41
Dutch Guilder	0.222	0.520	0.913	112.5	2.129	0.839	1.	430.7	0.595	14.61
Italian Lira, 1,000	0.515	1.206	2.119	261.1	4.942	1.948	2.322	1000.	1.382	33.92
Canadian Dollar	0.373	0.873	1.533	188.9	3.575	1.409	1.679	723.4	1.	24.53
Belgian Franc 100	1.519	3.557	6.249	769.9	14.57	5.744	6.845	2948.	4.076	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 13)

3 month U.S. dollars		6 month U.S. dollars	
bid 8 13/16	offer 8 15/16	bid 8 13/16	offer 8 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

LONDON MONEY RATES

June 13 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Over night	—	16½-25	—	—	—	17	16½-17	—	—	—
2 days notice	—	—	16⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16⅝-16⅞	17	—	17¼	17¾	16½-16⅝	—	—	—
One month	17 1/16-16 15/16	16 15/16-16 13/16	16⅞	16¼-16½	17¼	17½	16⅝	15 9/16-15¾	17¼-17 1/16	17¾
Two months	17⅛-16⅝	16 13/16-16 11/16	—	16 1/16-17⅝	17⅛	—	16¼-16⅝	15 9/16-15 11/16	16¾	17 1/16
Three months	16¾-16⅝	16½-16⅝	16⅝	16 1/16-17⅛	16⅞	17¼	16-16⅛	15 13/16-15⅞	16 1/16	16¾
Six months	*15⅞-14 15/16*	*15¼-15⅜*	*15¼*	*15⅞-16½*	*15⅝*	*16½*	—	—	*14½*	*15¼*
Nine months	14⅛-14	14⅝-14½	—	15-15⅝	14⅞	15⅛	—	—	—	—
One Year	13 13/16-13 11/16	14-14⅛	14¼	14⅝-15	14⅝	15⅛	—	—	—	—
Two years	—	—	14	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 13⅞ per cent; four years 13¾ pe cent; five years 13¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15⅝ per cent; four-month trade bills 16¾ per cent.

Aproximate selling rate for one-month Treasury bills 15⅝-15 21/32 per cent; two-months 15 23/32-15 21/32 per cent; three months 15¾ per cent. Approximate selling rates for one-month bank bills 17 3/16 per cent; two-months 16⅝ per cent; three-months 16 5/16 per cent; one-month trade bills 17½ pe cent; two-months 16 15/16 per cent; and three-months 16½ per cent.

Finance Houses Base Rates (published by the Financ Houses Association) 17½ per cent from June 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 15.8340 per cent.

CURRENCY MOVEMENTS

June 13	Bank of England Index	Morgan Guaranty Changes%
Sterling	73.6	−32.4
U.S. dollar	83.0	−10.6
Canadian dollar	81.9	−15.9
Austrian schilling	154.5	+24.2
Belgian franc	116.0	+14.3
Danish kroner	107.5	−4.0
Deutsche mark	156.0	+44.7
Swiss franc	199.5	+80.6
Guilder	125.8	+19.8
French franc	101.6	−5.9
Lira	53.4	−55.9
Yen	131.0	+29.0

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

June 13	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17¼-17⅛	8⅜-8⅝	11-13	11-11¼	3-3½	9⅝-9¾	12¼-12½	14-16	3¼-3½	16½-16½
7 days' notice	19-19¼	8⅝-8⅝	11-13	11-11¼	2¾-3¼	9⅝ 9¾	12⅜-12½	17-19¼	8⅝-8⅝	14-14½
Month	17¼-17⅝	8 9/16-8 13/16	12⅛-12½	10⅝-10⅞	5 5/16-5 11/16	9 5/16-9 11/16	12⅜-12⅛	18-19	8½-8⅝	13-13¼
Three months	15⅝-16⅞	8⅝-8⅞	11⅛-11½	10¼-10½	5½-5⅝	9¼-9⅜	12⅜-12½	18½-19⅛	8⅝-8¾	11¾-11⅞
Six months	15⅝-15¾	8¾-9	10⅝-10¾	10⅝-10⅞	5⅜-5½	8⅞-9⅛	12⅜-12⅛	18¼-19	8 9/16-8 11/16	10 7/16-10 7/16
One year	14-14⅜	8¾-9	10-10⅝	10⅜ 10⅞	5 5/16-5¾	8¼-8⅜	12⅜-12⅛	18-19½	8 11/16-8 13/16	8¾-9

The following nominal rates were quoted for London dollar certificates of deposit: one-month 8.25-8.35 per cent; three-months 8.25-8.35 per cent; six-months 8.17-8.27 per cent; one year 8.20-8.40 per cent.

Long-term Eurodollar two years 10¼-10⅜ per cent; three years 10½-10⅝ per cent; four years 10⅝-10⅞ per cent; five years 10⅝-11 per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 13	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.2598	+1.18	+0.38	±1.53
Danish Krone	7.08592	7.80345	+1.04	+0.24	±1.635
German D-Mark	2.51064	2.51077	+1.16	+0.36	±1.1325
French Franc	5.79831	5.85903	+0.21	−0.59	±1.35
Dutch Guilder	2.72077	2.75498	+0.41	−0.39	±1.5075
Irish Punt	0.662638	0.674682	+1.29	+0.49	±1.665
Italian Lira	1148.15	1187.42	+2.56	+2.26	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

June 13	£	$		$ Note Rates
Argentina Peso	4286-4306	1833-1840	Austria	29.05-29.35
Australia Dollar	2.0230-2.0250	0.8640-0.8643	Belgium	66.20-66.80
Brazil Cruzeiro	118.16-119.16	50.61-50.81	Denmark	12.74-12.84
Finland Markka	8.4871-8.4954	3.6245-3.6265	France	9.53-9.58
Greek Drachma	100.061-102.558	42.70-42.90	Germany	4.095-4.125
Hong Kong Dollar	11.49-11.505	4.9090-4.9120	Italy	1910-1955
Iran Rial	n/a	n a	Japan	505-511
Kuwait Dinar(KD)	0.623-0.629	0.2670-0.2675	Netherlands	4.49-4.52
Luxembourg Frc.	65.80-65.90	28.11-28.13	Norway	11.29-11.38
Malaysia Dollar	4.9760-4.9880	2.1260-2.1280	Portugal	111.00-114.00
New Zealand Dlr.	2.3640-2.3660	0.9900-0.9910	Spain	158.75-165.75
Saudi Arab. Riyal.	7.77-7.83	3.3275-3.3295	Sweden	9.69-9.76
Singapore Dollar.	4.9400-4.9520	2.1100-1.1120	Switzerland	3.76-3.79
Sth. African Rand	1.8128-1.8154	0.7739-0.7745	United States	2.3350-2.3470
U A.E. Dirham	8.65-8.71	3.7000-3.7030	Yugoslavia	61.00-65.00

Rate given for Argentina is free rate

U.K. CONVERTIBLE STOCKS 13/6/80

Statistics provided by *dataSTREAM International*

Name and description	Size (£m)	Current price	Terms*	Conversion dates	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.¶	Income Diff.♡	Cheap(+) Dear(−)◊ Current
Bank of Ireland 10pc Cv. 91-96	1.20	135.00	47.6	77-81	7.5	5.8	−10.3	−13 to −7	0.0	9.4	6.2	16.5
British Land 12pc Cv. 2002	7.71	270.00	333.3	80-97	4.5	2.3	− 1.2	− 1 to 6	0.0	89.1	32.6	33.8
Hanson Tr. 6½pc Cv. 88-93	3.02	86.00	57.1	76-81	7.7	8.4	− 3.5	−10 to −1	6.1	3.1	− 3.3	0.3
Slough Ests. 10pc Cv. 87-90	5.44	226.00	187.5	78-86	4.4		− 4.3	− 4 to 2	35.9	39.6	1.6	5.9
Slough Ests. 8pc Cv. 91-94	24.88	113.00	78.0	80-91	7.1	6.3	15.0	15 to 22	26.2	47.5	21.7	6.7
Ultramar 7pc Net R.Cv.Pfd.	12.59	3.75	105.2	76-81	2.7		− 2.7	7 to −11	0.0	0.0	0.0	2.9
Wilkinson Match 10pc Cv. 84-98	11.10	69.00	40.0	76-83	14.4	14.9	40.2	28 to 63	21.1	24.6	7.1	−33.1

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ♡ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◊ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness, − is an indication of relative dearness.

LONDON STOCK EXCHANGE

Strong finish with index up 40.6 to 456.5 on Account

Gilts good late on fresh hopes of early cut in MLR

Account Dealing Dates
Options

*First Declarations	Last Dealings	Account Day
June 2	June 12	June 13	June 23
June 16	June 26	June 27	July 7
June 30	July 10	July 11	July 21

* "New time" dealings may take place from 9 am two business days earlier.

Equity markets ended the stock exchange trading Account in good heart yesterday. A slightly easier trend developed in the leaders at the opening as some jobbers marked prices a little lower in anticipation of end-Account profit-taking after the recent strong advance. In the event, sellers failed to materialise and quotations edged higher as the day progressed.

The FT 30-share index gained 8 points more to 456.5 for a two-week rise of 40.6, its biggest advance on an Account for well over a yaer. Stock shortage was again a factor behind the fresh improvement with any offerings being easily absorbed. Nevertheless, a little two-way trade again developed in selected leaders. The fairly modest rise in the latest Retail Price Index helped underlying sentiment, and hopes *were high in most quarters for* a continuation of the upward movement in equities. This prompted support after the official close when dealings are allowed without penalty for the new Account starting next Monday.

Another change in sentiment about the prospects of an early cut in MLR resulted in renewed demand developing for Gilt-edged securities in the late trade. Closing quotations in the longs extended to ½ with prices going even hgiher in the after-hours' trade following demand emanating mainly from the U.S. A further modest amount of the long tap, Exchequer 13¼ per cent 1992, was supplied by the Government broker at 50¼ before he withdrew at that level. Despite talk of a new short tap, which proved unfounded, this area of the market moved ahead strongly and finished with further gains to ½.

The announcement of a £24.8m rights issue in Convertible loan stock by **British Home Stores** accompanied by a one-for-one *scrip issue came as no surprise*, but disappointing interim results caused a noteworthy reaction in **Guinness**. Among the equity sectors, Property shares made another particularly strong showing, while Oils took a further distinct turn for the better.

Although business was reduced from recent active levels, Traded options still recorded 1,007 trades for a week's daily average of 1,294, the highest this year. **Land Securities** were again in demand, attracting 323 deals, while **Racal**, annual results Thursday, recorded 142 contracts.

Banks good again

The major clearing banks ended the Account on a very firm note. Renewed support on hopes that the continuing record levels of interest rates will keep profits rising prompted fresh improvements of 7. **Barclays** added that much to 452p as did **Midland** to 362p, making gains on the week of 27 and 25 respectively. Merchant banks were featured by a late surge in **Manson Finance Trust**, which rallied from an initial dull level of 32p to close a net 3 higher on balance at 36p on the announcement that the Hong Leong Group of Malaysia and Singapore is intending to acquire a 51 per cent stake in the company at 39p per share. **Hill Samuel** gained 5 to 99p on further consideration of the results and **Hambros** added 5 more for a rise on the week of 30 at 423p ahead of Monday's preliminary results. Discounts were helped by the firm performance of gilts and closed with rises ranging to 10. **Union** put on that much to 450p and **Cater Ryder** rose 5 to 328p.

Insurances contributed to the firm trend. **Hogg Robinson** stood out among Lloyd's brokers with a rise of 6 to 108p.

Arthur Guinness provided a solitary flat spot among otherwise firm Breweries, falling to 90p before settling for a net loss *of 5 at 91p in response to* interim profits below market *estimates*. **Allied** hardened another penny to 85p, while **Bass** picked up 3 to 225p. Among Wines and Spirits, **Highland** remained in demand and advanced 4 to 147p.

The tone in Buildings was again firm, but the emphasis switched to selected secondary issues. **A. Monk** were prominent, at 32p, up 6, on recovery hopes, while **Higgs and Hill** put on 5 to 55p following the chairman's remarks at the annual meeting. *Renewed buying in a thin market* lifted **Burnett and Hallamshire** 25 to 650p, while **Newarthill** improved 10 afresh to 215p. Buyers continued to show interest in **Barratt Developments** which added 2 more to 113p. **Phoenix** were singled out in Timbers, rising 6 for a two-day gain of 8 to 118p, while late support lifted **Mallinson-Denny** 3 to 71p and **Montague L. Meyer** 2 to 103p.

Early caution in **ICI** gave way to useful demand and the shares firmed 6 to 376p for a gain on the week of 20. Buying in a thin market lifted **Leigh Interests** 5 more to 140p, but **Arrow**, still reflecting the failure to meet the profits forecast, shed 5 more to 42p for a fall on the week of 13.

British Home Stores announced a £24.8m rights call and a 100 per cent scrip issue and the shares firmed 2 to 282p. Other Store majors attracted a good measure of buying for the next Account with **GUS A** outstanding at 414p, a rise of 6. **Marks and Spencer** firmed 3 to 92p. **House of Fraser** continued to move against the trend, shedding 3 more to 131p. Away from the leaders, **Poly Peck** encountered further speculative demand and rose 6 for a gain on the week of 15 at 71p, but **J. Hepworth** eased 3 to 67p after adverse Press comment. Support was noted for **Selincourt**, a penny better at 16½p, and for jewellers *Ernest Jones, 6 up at 104p*, while **Comet Radiovision** firmed 5 at 80p.

Chloride dull

Sporadic support lifted leading Electricals, **GEC** rising 4 to 371p, **Racal**, annual results Thursday, 6 to 254p and **Thorn-EMI** 6 to 282p. **A.B. Electronics** improved 6 to 158p following favourable Press comment, but **Chloride** gave up 4 to 43p on further consideration of the results and gloomy outlok. News of a Boardroom shake-up left **Derritron** 4 up at 27p.

The best week for the Engineering leaders for quite some time ended on an extremely firm note *yesterday*. Renewed support after the "House" close helped prices to end at the day's best with **Hawker** up 7 more at 194p and **Vickers** a similar amount dearer at 134p, making rises on the week of 20 and 13 respectively. **GKN** put on 6 afresh to 245p and **Tubes** added 4 to 272p. Elsewhere, favourable comment on aluminium issues prompted a rise of 17 to 205p in **British Aluminium** and an improvement *of 4 to 80p in* **Alcan Aluminium**. Comment on the strong second-half recovery helped **Staveley Industries** put on 9 to 206p, while **British Steam Specialties** rose 5 to 123p on buying ahead of next Thursday's preliminary results.

Secondary issues provided the main focal points in Foods. Favourable Press comment sparked off demand for **British Vending** which put on 5 to 21p, while **Carr's Milling** added 2 for a two-day gain of 13 to 83p as speculative interest continued. On the other hand, **Alpine Soft Drinks** eased a penny to 87p following disappointing preliminary results.

In Hotels and Caterers, **Grand Metropolitan** firmed 4 to 147p on late interest. **Comfort**, 27p, and **Queen's Moat Houses**, 35½p, both added 2½, while **Kennedy Brookes** put on 8 to 83p, the last-named in a restricted market.

Unicorn jump

Quietly firm throughout the session, a flurry of buying for the new Account after-hours helped the miscellaneous industrial leaders close at the day's best. **Reed International** closed 9 to the good at 203p, while **Reckitt and Colman**, additionally helped by satisfactory interim figures reported by its Australian subsidiary, ended 8 better at 194p. **Glaxo** firmed 6 to 216p and **Unilever** 5 to 450p. Still drawing strength from the better-than-expected results and the chairman's encouraging remarks on current trade, **Metal Box** rose 4 for a rise on the week of 38 at 300p. **Pilkington**, however, split the firm sequence in easing 7 to 206p on consideration of the chairman's warning about current trading which outweighed the slightly better-than-expected annual profits. Elsewhere, **Unicorn Industries** stood out with a jump of 28 to 116p, after 122p, in response to overnight news of the bid approach. **Dufay Bitumastic**, at 33p, recorded a Press-inspired rise of 5, while **Applied Computers** jumped 33 more to 368p on further consideration of the bumper profits. Publication of the recommended bid terms from **Lamont Holdings** prompted an improvement of 1½ to 18½p in **McLeerie L'Amie**, while speculative support lifted **Powell Duffryn** 10 to 178p.

Dunlop continued to attract useful Far-Eastern support and firmed 3 for a week's gain of 10 at 76p. **Flight Refuelling** added 3 more to 308p, while **Jonas Woodhead** firmed the turn to 88p following the higher dividend and maintained annual earnings. Elsewhere in Motors, dealings were resumed in **Godfrey Davis** at 153p, or 14 below Thursday's suspension price of 167p which followed news that Europcar's offer for the former's car-hire business is to be referred to the Monopolies Commission.

The continued absence of sellers and a useful buying interest which increased in the after-hour trade brought widespread gains to Properties, some of which were again exaggerated by stock shortage. Among leaders, **Land Securities** improved 5 afresh to 324p, while the new nil paid shares put on 5½ to 63p premium. **MEPC** rose 6 to 218p and **Haslemere Estates** 8 to 338p, while **Capital** *and* **Counties** gained 7 to a 1980 peak of 118p. **Hammerson A** put on 20 to 910p

Oils dip and rally

Marked defensively lower at the outset in expectation of some end-Account profit-taking, Oils did a sharp about turn as buyers reappeared. **British Petroleum**, 6 lower initially, rebounded to close a net 2 higher at 370p. **Shell** finished a similar amount dearer, at 404p, after 396p. **Tricentrol**, 374p, and **Ultramar**, 372p, both closed 6 up, while **Lasmo** finished 15 to the good at 670p. Elsewhere, increased support was noted for **Premier** *which rallied 5 to 95p*, while late speculative interest lifted **Aran Energy** 36 to 454p. *Berkeley Exploration rose 7 for* a week's rise of 20 to 235p, while **Pict Petroleum** added 15 to 440p, the latter following favourable Press mention.

Initially firm in front of the announcement, **Sidlaw** surprised by reporting a deficit at the mid-way stage and the shares closed 8 lower on balance at 106p. Elsewhere in Textiles, **John Beales** continued the recent recovery

Golds move ahead

South African Golds ended the week with a flourish in the wake of the strong bullion price and rumours that the South African Government is about to abolish stamp duty on overseas *purchases of South African shares* in Johannesburg.

The bullion price put on $16 to $607 and the Gold Mines index 11.9 to 340.9.

London Financials attracted a good deal of "new time" buying. **Rio Tinto-Zinc** were actively traded and ended 4 firmer at 402p. **Selection Trust** put on 16 to 670p.

Australians made further progress led by gold exploration stocks. **Samantha** and **Samson** were particularly in demand following last Tuesday's announcement of a farm-in deal with Esso Australia at the Bimurra gold prospect in Queensland.

Samantha added 12 more to 148p, a week's gain of 42, while Samson put on 6 to a 1980 high of 102p, also 42 firmer on the week. **Buka Minerals**, which along with Samantha and Samson holds a 33.33 per cent stake in the Bimurra prospect, closed at 35p—double the price ruling on Monday morning.

Elsewhere in Down-Under golds, **Gold Mines of Kalgoorlie** rose 10 to 360p, *Poseidon* 9 to 181p and **North Kalgurli** 4 to 83p.

In Tins, profit-taking left **Tronoh Mines** 15 off at 305p after a week of persistent speculative demand which pushed the shares up to 320p at one point.

FINANCIAL TIMES STOCK INDICES

	June 13	June 12	June 11	June 10	June 9	June 6	A year ago
Government Secs.	68.41	68.28	68.03	68.17	68.22	67.75	70.24
Fixed Interest	68.99	68.81	68.64	68.61	68.76	68.56	72.38
Industrial	456.5	448.5	446.9	440.3	434.4	423.4	478.5
Gold Mines	340.9	329.0	327.4	331.3	339.9	337.2	179.0
Ord. Div. Yield	7.87	8.00	8.03	8.14	8.24	8.47	6.17
Earnings Yld. % (full)	18.97	19.28	19.34	19.61	19.86	20.42	16.23
P/E Ratio (net) (*)	6.42	6.31	6.29	6.20	6.19	5.98	7.87
Total bargains	21,642	21,156	18,803	20,340	20,047	17,044	—
Equity turnover £m	—	125.13	95.69	120.96	95.72	121.75	115.87
Equity bargains total	—	16,923	14,017	14,559	13,999	14,804	16,199

10 am 447.9. 11 am 449.4. Noon 450.2. 1 pm 451.4.
2 pm 451.4. 3 pm 452.8.
Latest Index 01-246 8026.
*Nil = 6.00.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	69.26 (21/1)	63.85 (7/5)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	69.61 (21/1)	64.70 (18/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	478.8 (15/2)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (29/2)	265.5 (18/6)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	June 13	June 12
—Daily		
Gilt Edged	114.3	116.5
Industrials	122.2	117.5
Speculative	34.7	35.4
Totals	89.0	82.6
5-day Avge.		
Gilt Edged	120.4	120.5
Industrials	113.3	108.5
Speculative	47.9	50.5
Totals	82.7	80.2

RISES AND FALLS

	Yesterday Up	Yesterday Down	Yesterday Same	On the week Up	On the week Down	On the week Same
British Funds	81	4	5	264	94	92
Corpns. Dom. & Foreign Bonds	25	—	41	108	14	208
Industrials	310	175	910	1,603	791	4,581
Financial and Property	155	64	282	1,068	220	1,217
Oils	24	8	20	86	91	83
Plantations	6	2	18	17	14	99
Mines	72	12	71	222	211	342
Others	42	44	64	243	203	301
Totals	715	309	1,411	3,611	1,638	6,923

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	300	74	—	84	20	100	—	368p
BP	330	48	15	62	—	80	—	"
BP	360	20	17	42	—	62	—	"
BP	390	9	—	26	15	44	—	"
Com. Union	120	21	7	24	4	28	1	136p
Com. Union	140	3½	27	9	10	16	—	"
Courtaulds	60	9½	34	15	—	15	—	68p
Courtaulds	70	3	—	7	—	8½	3	"
GEC	330	45	—	57	—	72	1	369p
GEC	360	20	2	34	—	51	—	"
GEC	390	3½	—	17	11	32	—	"
Grand Met.	120	27½	—	31	—	36	1	145p
Grand Met.	130	17½	50	22	—	28½	12	"
Grand Met.	140	9½	20	15	1	22	—	"
Grand Met.	160	1½	—	7½	70	13	—	"
ICI	330	48	—	58	—	68	1	372p
ICI	360	22	18	33	—	46	—	"
ICI	390	5	—	16	2	29	—	"
ICI	420	1½	—	6	2	—	—	"
Land Secs.	293	35	50	49	—	61	—	322p
Land Secs.	323	11½	169	28	—	41	—	"
Land Secs.	353	2	—	13	104	25	—	"
Marks & Sp.	70	23½	20	—	—	—	—	90p
Marks & Sp.	80	12½	10	16	—	18	—	"
Marks & Sp.	90	4½	—	10	1	13	1	"
Marks & Sp.	100	1½	—	5	26	—	—	"
Shell	390	23	4	38	6	52	—	400p
Shell	420	7½	3	20	9	32	—	"
Totals			446		281		20	
		August		November		February		
Imperial Gp.	70	13	—	14½	—	16	1	81p
Imperial Gp.	80	5	4	7½	—	10	—	"
Lonrho	80	16½	—	18	—	20½	10	92p
Lonrho	90	8	21	11	2	15	18	"
P. & O.	100	20½	—	24½	—	25½	1	115p
Racal Elec.	240	21	96	35	—	45	—	251p
Racal Elec.	260	9	5	20	41	—	—	"
RTZ	360	58	3	77	8	90	—	401p
RTZ	390	38	1	52	17	70	—	"
RTZ	420	22	5	33	26	55	—	"
RTZ	460	8	1	22	—	—	—	"
Totals			136		94		30	

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri., June 13, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Thur., June 12 Index No.	Wed., June 11 Index No.	Tues., June 10 Index No.	Mon., June 9 Index No.	Year ago (approx.) Index No.	1980 High	1980 Low	Since Compilation High	Since Compilation Low
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

British Government	Fri. June 13	Day's change %	xd adj. today	xd adj. 1980 to date
1 Under 5 years	[illegible]	[illegible]	—	[illegible]
2 5-15 years	[illegible]	[illegible]	—	[illegible]
3 Over 15 years	[illegible]	[illegible]	—	[illegible]
4 Irredeemables	[illegible]	[illegible]	—	[illegible]
5 All stocks	[illegible]	[illegible]	—	[illegible]

FIXED INTEREST YIELDS British Govt. Av. Gross Red.	Fri. June 13	Thur. June 12	Year ago (approx.)	1980 Highs	1980 Lows
1 Low Coupons 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Medium Coupons 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 High Coupons 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Fri., June 13 Index No.	Yield %	Thur. June 12	Wed. June 11	Tues. June 10	Mon. June 9	Fri. June 6	Thur. June 5	Wed. June 4	Year ago (approx.)	1980 Highs	1980 Lows	Since Compilation Highs	Since Compilation Lows
15 20-yr. Red. Deb. & Loans (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16 Investment Trust Prefs. (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17 Coml. and Indl. Prefs. (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (127)

BRITISH FUNDS (41)
CORPORATION LOANS (6)
COMMONWEALTH AND AFRICAN LOANS (3)
LOANS (1)
AMERICANS (1)
CANADIANS (2)
BANKS (6)
BUILDINGS (3)
DRAPERY AND STORES (4)
ELECTRICALS (5)
ENGINEERING (2)
FOODS (2)
HOTELS (3)
INDUSTRIALS (16)
INSURANCE (6)
LEISURE (1)
MOTORS (3)
NEWSPAPERS (1)
PROPERTY (6)
SHOES (1)
TRUSTS (7)
OIL AND GAS (3)
OVERSEAS TRADERS (2)
MINES (1)

NEW LOWS (29)

BUILDINGS (1)
Arncliffe
CHEMICALS (1)
Arrow Chems.
STORES (4)
Church — Raybeck
Martin the N'agent. — Wharf Mill
ELECTRICALS (2)
Chloride Group — Sound Diffusion
ENGINEERING (1)
Edbro
FOODS (2)
Bishop's Stores 'A' — Danish Bacon 'A'
INDUSTRIALS (8)
Alpine Hldgs. — Lawtex
Black (P.) — Macpherson (D.)
Grovebell — Parker Knoll 'A'
Jacksons Bourne End — Pritchard Services
LEISURE (2)
Lancaster (D. M.) — Fairline Boats
MOTORS (3)
Lotus Car — Lex Service
BSG
NEWSPAPERS (1)
Int. Thomson
PAPER (1)
Clay (Richard)
TEXTILES (2)
Pickles (W.) — Scott & Robinson
OVERSEAS TRADERS (1)
Jacks (Wm.)

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
Jun. 9	Jun. 20	Sept. 11	Sept. 22
Jun. 23	Jul. 4	Sept. 25	Oct. 6
Jul. 7	Jul. 18	Oct. 9	Oct. 20

For rate indications see end of Share Information Service

Call options were dealt in Coral Leisure, Premier Oil, Dunlop, South African Land, Walter Runciman, National Carbonising, Pleasurama, Hongkong and Shanghai Banking, LRC, Queens Moat Houses, Airfix, Newman Industries, FNFC, Polly Peck and Charterhall. A put was done in Land Securities, while doubles were arranged in Christopher Moran and Polly Peck.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
65	F.P.	16/5	95	83	Amstrad Cons. Elect.	84	......	bd3.3	3.0	5.6	6.7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Schlesinger International Mngt. Ltd.
41, La Motte St., St. Helier, Jersey. 0534 73588

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Stewart Unit Tst. Managers Ltd.(a)
45, Charlotte Sq., Edinburgh. 031-226 3271

†Stewart American Fund				
Standard Units	63.5	67.6	—	2.03
Accum. Units	69.8	74.4	—	—
Withdrawal Units	44.7	47.6	—	—
*Stewart British Capital Fund				
Standard	154.7	164.9	—	6.80
Accum. Units	178.8	190.7	—	6.80

Dealing †Tues. & Fri. *Wed.

Sun Alliance Fund Mngt. Ltd.
Sun Alliance Hse., Horsham. 0403 64141

Exp. Eq. June 11	£279.20	293.90	—	5.53
♥The Family Fd.	120.4	128.0	+0.3	5.21

Target Tst. Mngrs. Ltd.♥(a)(g)
31, Gresham St., E.C.2. Dealings: 0296 5941.
19, Athol Crescent, Edin. 3. 031-229 8621/2

Commodity	60.1	65.0	+0.5	2.66
Energy	—	—	—	—
Financial	81.1	88.1	+1.3	4.56
Gilt Accum.	128.0	134.3	+0.5	3.50
Investment Trust	35.2	38.1xd	—	4.41
Special Situations	22.5	24.3	+0.2	4.79
American Eagle	29.9	32.3xd	−0.2	1.34
Pacific Income	26.5	28.6	+0.1	2.29
Pacific Accum.	30.2	32.6	+0.1	2.29
Income	24.7	26.7	+0.1	11.15
Extra Income	52.8	57.1	—	12.10
Preference Share	11.4	12.6	—	13.70
Equity	44.1	47.7xd	−0.4	6.95
Income and Growth	—	—	—	—
Growth	34.2	37.0	+0.1	4.66
Professional June 11	196.0	210.7	—	5.13
Eqty. Ex. Inc.	235.3	253.0xd	—	7.28
Equity Ex. Accum.	350.8	377.2	—	7.28

Tower Unit Trust Mngt. Ltd.
39/45 Finsbury Square, EC2A 1PX 01-628 2294

Income & Growth	20.6	21.6	+0.2	9.65
Special Situations	26.9	28.3xd	−0.1	2.80

Trades Union Unit Tst. Managers♥
100, Wood Street, E.C.2. 01-628 8011

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

61½	56½	Agric. Mt. 5pc '59-89	59½xd	......	8.36	12.55
80	73½	Alcan 10½pc '89-94	75xd	......	14.00	14.86
28½	25	Met. Wtr. 3pc 'B'	27¾	......	11.14	13.19
103	89	U.S.M.C. 9pc 1982	103	......	8.75	—
92	85½	Do. without Warrants	91½	......	9.90	12.80

LOANS—Continued

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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INDUSTRIALS—Continued

[illegible]

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INSURANCE—Continued

[illegible]

LEISURE

[illegible]

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Commercial Vehicles

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Components

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TOBACCOS

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RUBBERS AND SISALS

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TEAS

India and Bangladesh

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Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	21	Acmex 50c	22	......	—	—	—
24	12	ACM 20c	18	......	—	—	—
100	52½	Bond Corp.	100	......	b02.8c	2.2	1.4
156	88	Bougainville 1 Kina	124	......	b026.2c	1.8	11.7
265	195	BH South 50c	200	......	ϕ	—	—
25	11½	Canada Northwest	20½	−½	—	—	—
42	8	Carr Boyd 20c	32	......	—	—	—
£30	£15¾	Central Pacific	£29	+1½	—	—	—
356	230	Conzinc Riotinto 50c.	270	......	Q15c	2.1	2.9
39	17	Cultus Pacific N.L.	35	......	—	—	—
50	20	Eagle Corp. 10c	30	......	—	—	—
26½	15¾	Endeavour 20c	24	......	—	—	—
372	175	G. M. Kalgoorlie 25c	360	+10	†Q3c	—	0.4
46	15	Great Eastern	22½	......	—	—	—
395	260	Hamptn Areas 5p.	368	......	3.5	2.8	1.4
82	30	Haoma Gold N.L.	75	+2	—	—	—
720	80	Leichardt Expln.	290	+10	—	—	—
72	41	Metals Ex. 50c	59	−1	—	—	—
312	187	M.I.M. Hldgs. 50c.	218	−1	‡Q06.1c	1.8	3.8
20	7	Minefields Expl. 25c.	15	......	—	—	—
155	60	Mount Lyell 25c	80	......	—	—	—
28	15	Newmetal 20c	18	......	—	—	—
35	12	Nickelore N.L.	22	......	—	—	—
207	137	North B. Hill 50c.	169	+3	†Q12c	1.4	3.7
88	44½	Nth. Kalgurli	83	+4	—	—	—
165	90	Nth. Mining Corp.	136	+1	—	—	—
66	24	N. West Mining N.L.	60	−2	—	—	—
235	144	Oakbridge $A1	195	......	Q12c	4.7	3.2
122	70	Otter N. L.	102	+2	—	—	—
230	128	Pacific Copper	224	+10	—	—	—
465	255	Pancont'l 25c	370	+15	—	—	—
78	42	Paringa M&Ex.5p	60	......	—	—	—
495	335	Peko-Wallsend 50c.	370	−15	†Q17.5c	ϕ	2.4
230	140	Seltrust A	166	+2	—	—	—
£11¼	575	Southern Pacific	£11	+¾	—	—	—
75	31	Swan Resources 20c.	60	......	—	—	—
13	8	West Coast 25c	8	......	—	—	—
264	177	Westn. Mining 50c.	239	......	†Q7c	1.6	1.6
30	10	Westmex	16	......	—	—	—
108	56	Whim Creek 20c.	100	......	—	—	—
25	10½	York Resources	22	......	—	—	—

Tins

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	14	Amal Nigeria 1p	15	......	16.0	—	‡
345	255	Ayer Hitam $M1	290	......	‡Q290c	0.9	‡
67	42	Beralt Tin	49	......	4.5	3.2	13.1
190	149½	Berjuntai $M1	188	......	‡Q95c	1.0	‡
230	153	Geevor	180	......	8.4	ϕ	6.9
11	18	Gold & Base 12½p	10½	......	—	—	—
400	310	Gopeng Cons.	385	+10	†25.0	1.8	9.3
320	280	Hongkong	320	......	35.87	ϕ	16.0
105	90	Idris 10p	95xd	......	14.0	ϕ	21.1
15	12½	Jantar 12½p	13xd	......	1.5	ϕ	16.5
85	64	Kamunting $M0.50.	85	......	Q47½c	1.1	12.5
225	150	Killinghall $M1	225xc	......	hQ50c	ϕ	4.5
730	485	Malay Dredging $M1	730#	......	‡uQ105c	2.6	2.9
33	26	Pahang	32	......	0.44	0.3	2.0
108	90	Pengkalen 10p	92	......	6.0	1.3	9.3
290	230	Petaling $M1	290xd	......	†Q158c	1.4	10.8
70	57	Saint Piran	65#	......	‡2.5	6.4	‡
44	28	South Crofty 10p	30	......	‡3.0	2.0	‡
255	180	South Kinta $M0.50.	250#	......	‡Q150c	1.0	12.2
450	340	Sthn Malayan $M1	450#	......	‡Q107½c	2.1	7.9
295	215	Sungei Besi $M1	285	......	‡Q520c	1.0	37.2
39	22½	Supreme Corp. $M1	38	......	hQ8c	—	4.3
100	92	Tanjong 15p	92xd	......	74.5	ϕ	7.0
95	80	Tongkah H. Tin	80	......	Q45c	1.3	12.6
320	220	Tronoh $M1	305xd	−15	Q250c	0.7	16.7

Copper

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
235	130	Messina R0.50	175	......	‡Q10c	ϕ	3.3

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
170	78½	Anglo-Dominion	160	+25	—	—	—
97	56	Barymin	60	......	—	—	—
17	12	Burma Mines 10p	15½	......	0.62	1.1	5.8
502	320	Cons. Murch. 10c.	320	......	MQ180c	1.8	18.6
585	325	Northgate C$1	400	−10	—	—	—
485	327	R.T.Z.	402	+4	15.0	3.2	5.3
33	16	Robert Mines	23	......	—	—	—
58	26	Sabina Inds. C$1	31	+1	—	—	—
650	411	Tara Exptn. $1	435	−25	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ψ Excluding a final dividend declaration.
- ✣ Regional price.
- ll No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −	IRISH	Price	+ or −
Albany Inv. 20p	29	......			
Bertam	17	......	Conv. 9% '80/82	£95⅞	+⅛
Bdg'wtr. Est. 50p.	420	+10	Nat. 9¾% 84/89	£78½	......
Clover Croft	60	......	Fin. 13% 97/02	£87	......
Craig & Rose £1	£10½	......	Alliance Gas	45	......
Fife Forge	32½	......	Arnott	360	......
Finlay Pkg. 5p	18	......	Carroll (P.J.)	54	......
Graig Ship. £1	£14½	......	Clondalkin	118	+2
Higsons Brew	75	......	Concrete Prods.	75	......
Holt (Jos) 25p	250	......	Helton (Hldgs.)	34	......
I.O.M. Stm. £1	185	......	Ins. Corp	245	......
Pearce (C. H.)	455	......	Irish Ropes	55	......
Peel Mills	40	......	Jacob	35	......
Sheff. Refrshmt	103	......	T.M.G.	75	−5
Sindall (Wm.)	148xd	......	Unidare	95	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	27	Utd. Drapery	6½
BOC Intl.	6	"Imps"	6½	Vickers	12
B.S.R.	4½	I.C.L.	14	Woolworths	5½
Babcock	8	Inveresk	4	**Property**	
Barclays Bank	34	Ladbroke	15	Brit. Land	7
Beecham	10	Legal & Gen.	15	Cap. Counties	9
Blue Circle	25	Lex Service	8	Land Secs.	34
Boots	16	Lloyds Bank	24	MEPC	17
Bowaters	15	"Lots"	3½	Peachey	13
B.A.T.	20	London Brick	6	Samuel Props.	12
Brown (J.)	6	Lucas Inds.	17	Town & City	2
Burton 'A'	10	"Mams"	14	**Oils**	
Cadburys	5½	Mrks. & Spncr	8	Brit. Petroleum	32
Courtaulds	8	Midland Bank	26	Burmah Oil	20
Debenhams	8	N.E.I.	5	Charterhall	10
Distillers	17	Nat. West. Bank.	27	KCA	11
Dunlop	7½	P & O Dfd.	18	Premier	13
Eagle Star	15	Plessey	14	Shell	35
F.N.F.C.	2¾	Racal Elect.	22	Tricentrol	40
Gen. Accident	21	R.H.M.	4½	Ultramar	35
Gen. Electric	30	Rank Org.	15	**Mines**	
Glaxo	18	Reed Intnl.	16	Charter Cons.	14
Grand Met.	12	Sears	5	Cons. Gold	40
G.U.S. 'A'	34	Tesco	6	Lonrho	8
Guardian	23	Thorn	23	Rio T. Zinc	35
G.K.N.	20	Trust Houses	12		
Hawker Sidd.	15	Tube Invest.	23		
House of Fraser	15	Unilever	40		
		U.D.T.	5½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 26

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £300 per annum for each security

FINANCIAL TIMES
Saturday June 14 1980

MAN OF THE WEEK

A glass of his own

By IAN RODGER

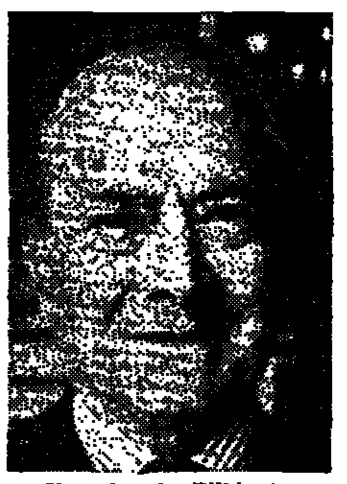
LEGEND has it that the idea of the float process for making glass came to Sir Alistair Pilkington while he was idly watching a floating plate in the sink.

Not so, according to the self-effacing inventor who retires in September as chairman of the Merseyside glassmakers, Pilkington Brothers. His wife was washing the dishes, he was drying and the plate had nothing to do with it.

"I had been thinking about molten tin and just allowed my mind to move while drying the dishes. I could have been in the bath."

The company spent £7m on developing the process—basically pouring molten glass on to a bed of molten tin—over the next ten years and the successful result transformed it into one of the four largest glass manufacturers in the world. Pre-tax profits in the year ended March 31, 1980, reported yesterday, were £91.4m on turnover of £629m.

Sir Alastair leaves at a turning point in the company's history. As patents expire, royalty revenues from the licensing of his float process will begin to decline in the early 1980s. A major expansion in glass manufacturing in continental Europe has been undertaken to provide new momentum.



Sir Alastair Pilkington
The Legend of the Kitchen Sink

Although the company's short-term prospects are clouded by the recession hurting much of British industry, Sir Alaistair is pleased with the long term potential of the investments the company has made in the past decade in anticipation of the decline in float process royalties.

Moreover, he has no regrets about the company's initial decision to license foreign manufacturers instead of trying itself to make and sell float glass abroad.

"I can't think of a single decision I would have made differently. The amount of capital involved (in setting up foreign manufacturing and sales) would have been unimaginable."

Pilkington has enjoyed almost uninterrupted increases in royalty revenue since the process was first licensed in 1962. Last year it was £37m, 40 per cent of pre-tax profit.

In the early days, however, for one harrowing 14-month period, the company, which was then still owned entirely by the family, was making £100,000 worth of unsaleable glass a month.

Would Pilkington have stuck with it if it had had to report to public shareholders twice a year? "That is very hard to answer. It was certainly a help not having that pressure to explain away short-term problems to the financial community and the Press. But I like to think we would have had the courage anyway."

Like everyone associated with Pilkington at the time, Sir Alastair, then technical director, was deeply hurt by the violent seven-week strike against the company by the General and Municipal Workers Union in 1970. Pilkington was known as a stern but generous paternalistic employer and the family was shocked that the workers would rebel.

"It was an agonising thing. Everyone had to make a personal decision on how to behave. I have had a very happy time with Pilkington for 33 years with the exception of those seven weeks."

The paternalism has since faded away although some might have seen a brief recurrence of it in the decison to give every employee and pensioner a £75 gift last December to mark the 25th anniversary of float glass.

"Not at all," Sir Alastair protests, "Paternalism is making decisions for others that they should make for themselves. This is just a celebration. Can't we all have a drink?"

Councils told to revise budgets

BY ROBIN PAULEY

A DETERMINED attempt to regain control of the initiative against local authority overspending was made yesterday by Mr. Michael Heseltine Environment Secretary, and Mr. Tom King, Local Government Minister.

Mr. Heseltine said that a circular, revised during the past week at Mrs. Thatcher's insistence to strengthen its tone, had been sent to all local authorities in England and Wales, asking them to revise their 1980-81 budgets, pruning them again wherever possible.

They must be resubmitted by August 1. If they do not show overall reduction in expenditure of £700m, the Government will act.

"We do not want to talk about Draconian measures at this stage," Mr. Heseltine said.

Future options of sanctions open to the Government include a moratorium on capital construction projects and a reduction in the amount paid to local authorities in November to make up for legitimate expenditure not included in the previous year's rate support grant settlement.

Mr. Heseltine met local authority leaders yesterday but, significantly, the Association of Metropolitan Authorities, which has a Labour majority, failed to attend.

The Association of District Councils said it would "obviously consider" Mr. Heseltine's request, but its evidence was that district councils were already trying to curtail costs.

Sir Gervas Walker, chairman of the Association of County Councils, was more conciliatory to the Government, but it seems far from certain that all authorities will comply with Mr. Heseltine's attempt to prove to Mrs. Thatcher he can control local government to the degree she wants.

Mr. Heseltine said that if councils would tackle their manpower levels through natural wastage, the danger of overspending could easily be eliminated.

Mr. King made a statement in the Commons about overspending. "This is a very serious matter. There is a lot at stake and I cannot emphasise too strongly the importance of maintaining the voluntary co-operative approach to local government finance and the need to work together to achieve proper provision of budgets."

Local authorities have been asked to revise their budgets because of overspending on 1980-81 current account expenditure of 5.6 per cent, or £700m, although a £200m revenue contribution to capital reduces net overspending to about £500m or 3.7 per cent.

Overspending at this stage of a financial year is usually about this percentage and is usually absorbed by the year end. But gross current overspending is higher than normal.

The Prime Minister and the Treasury feel there is a danger of a level which could jeopardise the Government's strategy of containing public expenditure.

They instructed Mr. Heseltine to toughen his circular to local authorities and decided that a number of measures, including a moratorium on local authority capital projects, would be considered if he failed to persuade councils to conform.

Mr. King refused to confirm or deny a suggestion by Mr. Stanley Cohen (Lab., Leeds South-East) that the Government intended to reduce housing finance for building by 21 per cent in the next 12 months.

Since 1975-76 capital spending on construction at constant prices has fallen from £8.9bn to a target figure of £6.53bn for the current financial year

The 1980-81 target figure, contained in the March expenditure White Paper, represents a further 3 per cent decline in public sector spending when private-sector work is suffering from an increasingly stringent economic climate.

Last chance for Heseltine, Page 4

Libyan envoy expelled

BY OUR FOREIGN STAFF

BRITAIN YESTERDAY ordered the head of the Libyan mission in London to leave within 48 hours, after he had announced that Libyan revolutionaries had decided to assassinate in Britain two more opponents of Col. Gaddafy's regime.

But Mr. Musa Kousa, head of the Libyan People's Bureau which has replaced the embassy, later said unreprentantly that the killings would continue.

Mr. Kousa was summoned to the Foreign Office and confronted with the report in The Times of his disclosure about further Libyan killings. "I approve of this," he was quoted as saying.

In the Commons, Sir Ian Gilmour, the Deputy Foreign Secretary, said he had told Mr. Kousa that, in view of his remarks, his presence in Britain was no longer in the interests of Anglo-Libyan relations.

While affirming Britain's desire for good relations with Libya he maintained, to cheers on both sides of the House, that acts of terrorism on the streets of London would not be tolerated.

There are believed to be about 100 opponents of the Libyan regime in Britain. Two Libyans were killed in London in April, after which Britain secured the expulsion of four Libyan officials. Libya retaliated by ordering the expulsion of three British diplomats and 17 other Britons from Libya.

Mr. Kousa denied that the Libyan People's Bureau in St. James Square was used for planning and carrying out killings. They were planned by a revolutionary committee spread throughout Britain, he said.

"The committee isn't here in this building or in this bureau. Its members are all over the UK and they are not only Libyans but there are some Arabs and some black Britons."

Earlier this week, after the expiry of the June 11 deadline for the return to Libya of dissidents, Col. Gaddafy said that only those exiles collaborating with America, Israel or Egypt could be murdered instantly; revolutionary committees would have to order the murder of others.

Some European officials fear that the revolutionary committees are genuinely beyond the control of the Libyan authorities, as the Libyan leader has in the past claimed.

Feature, Page 17

BHS plans £24.8m rights issue

By Christine Moir

BRITISH HOME STORES plans to raise a net £24.8m from a rights issue to finance most of its current £35m capital spending programme.

Unusually, shareholders are being offered not further equity but convertible loan stock with a maturity date of 1992. They will be able to convert the stock into shares from 1983.

Mr. Colin Paterson, the retiring chief executive, said last night the company had rejected *the possibility of increasing* bank borrowings because of the high rates of interest. However, BHS was fairly "lowly geared" —net borrowings in the last balance sheet amounted to £7.4m compared with shareholders' funds of £132.2m—and it "seemed sensible to obtain the benefits of higher gearing."

Mr. Paterson said theadvantages of the stock for shareholders are that it offers both a yield double that is obtainable on the ordinary shares, and the chance of a "realistic capital gain."

The issue, which has been underwritten by Kleinwort Benson, the merchant bank adviser, will help fund the two new BHS stores in Eastbourne and Maidstone, the extension to the St. Albans store, and the two Savacentres (in which J. Sainsbury has a half share) planned for this year.

A number of existing stores are also to be modernised and BHS expects to spend about £5m this year on extending its electronic point-of-sales systems.

EEC to push for stable oil prices

BY GILES MERRITT IN VENICE

EEC HEADS of government launch a new effort to stabilise international oil prices and resist the present slide into recession.

It has become clear that the Community's "big four" will push for a new energy forum involving the top industrial powers, OPEC oil producers and the Third World at the economic summit to take place here at the end of next week.

The EEC plan, to be set out by West Germany, France, the UK and Italy at the forthcoming Venice talks with the U.S., Japan and Canada, reflects the concern of EEC leaders with increasing energy prices.

The OPEC increases decided at Algiers this week were described by President Valery Giscard d'Estaing of France as "unjustifiable." Chancellor Helmut Schmidt of West Germany said the increasing impoverishment of less developed countries was a direct consequence of the fact that oil prices are 20 times higher than in 1973, and Mrs. Margaret Thatcher pointed to the disturbing new phenomenon of oil supplies being adjusted to maintain price levels.

A summary of the summit proceedings referred to the "intolerable burdens" imposed on the industrialised regions, with the comment that it was even more serious for the emerging countries.

The Nine furthermore said "no objective grounds" exist for the latest oil price rise.

The tactics to be proposed at the second Venice summit will centre on the need for OPEC producers to set lower prices for the Third World or make direct financial grants to the developing countries.

The need to encourage the recycling of petro-dollars was emphasised by the Nine but was described as only a short-term solution.

The move for a new negotiating forum linking energy with more general international economic problems has sprung from the EEC leaders' particularly gloomy review of the Community's economic outlook. The Nine were spurred by the "increasingly disturbing employment situation" to charge the European Commission in Brussels with beginning work on a Community jobs policy.

● The identity of Mr. Roy Jenkins's successor as president of the European Commission will not be known for at least a week. Stubborn opposition by a handful of member states to appointing the front-runner, Mr. Gaston Thorn, Luxembourg's Foreign Minister and ex-Premier, blocked a decision and may well have knocked him out of the race.

Union vows to sue BSC over steelworks closure

BY ALAN PIKE

THE IRON and Steel Works Confederation is preparing for High Court action in an attempt to prevent British Steel Corporation going ahead with its closure plans at Consett and elsewhere.

Writs alleging that the corporation has failed in a statutory duty to consult the workforce on its redundancy programme, were obtained some time ago but have not been served because the unions have until now hoped that BSC would negotiate on its proposals.

But ISTC leaders decided yesterday that Thursday's announcement that the County Durham plant is to close by September 30 with the loss of 3,700 jobs was the "final straw." They will not probably instruct their legal representatives to go ahead with litigation.

The union will contend that BSC has failed to comply with an obligation to consult the workforce, on proposed closures at Consett and Warrington, which are part of plans to reduce the industry's labour force by about 52,000.

It is expected that ISTC will also seek an injunction to prevent the corporation from implementing further closures.

If successful, this could jeopardise the timing of the proposed redundancies, most of which are scheduled to take place by the end of the year. The unions have always believed that the industry needs more time to adjust to higher levels of redundancy.

At Consett yesterday representatives of the trade union committee which is fighting the proposed closure met to consider ways of stepping up their campaign. It is possible local union representatives will refuse to take part in talks with the corporation on redundancy terms for fear that workers' determination to fight the closure may be weakened by the offer of generous severance pay.

Inflation

Continued from Page 1

has accelerated from 5.2 per cent a year ago to 25.6 per cent now.

The Government has tried over the last year, with progressively less conviction, to deflect some attention from the retail prices index by publishing a tax and price index.

This adjusts for direct tax cuts and shows the increase in gross wages needed by an average taxpayer to maintain his real take-home pay. This index rose by 18.5 per cent in the year to May to 132.2 (January 1978=100).

The underlying rate of retail price inflation is often measured in terms of the index for all items except seasonal food over the last six months. Expressed at an annual rate this stood at 22.8 per cent last month, compared with 22.2 per cent in April. This exaggerates the underlying trend because price rises caused by the Budget are multiplied by two.

Continued from Page 1

Honours

Mr. John Moores, had of Littlewoods, is also knighted for charitable services.

Awards to the arts and media include knighthoods for Mr. Angus Wilson, the author; Mr. Ian Trethowan, Director-General of the BBC; and Mr. Larry Lamb, editor of The Sun newspaper.

The Honours include a unique group of awards for services to Rhodesian independence.

Lord Soames, the interim Governor, is made a Companion of Honour, and his wife, a Dame Commander of the British Empire.

Sir Antony Duff, who as a Deputy Secretary at the Foreign Office played a leading part in the Lancaster House negotiations, becoming a Privy Counsellor.

Major-General John Acland, who commanded the monitoring force, is awarded a KCB.

Political honours, revived on Mrs. Margaret Thatcher's recommendation in the New Year list, again figure prominently.

Sir Frank Marshall, Tory Party vice-chairman, is made a life peer.

Four Conservative MPs receive knighthoods: Mr. Hugh Fraser (Stafford and Stone), Mr. Albert Costain (Folkestone and Hythe), Mr. Frederick Burden (Gillingham) and Mr. David Price (Eastleigh).

A past-president of the Liberal Party, Mr. Roger Fulford, is also knighted.

The Labour Party again refused to put forward any nominations for the list.

The actor, Mr. Roland Culver, and the Financial Times drama critic, Mr. B. A. Young, are among those awarded the OBE.

Weather

UK TODAY

RAIN spreading from the south. Brighter after early rain in N. Scotland.

S., E. and Central N. England, Channel Is.

Rain, perhaps thundery; brighter later. Max. 22C (72F).

Wales, N.W. England, N. and Central Scotland

Showers, bright intervals. Max. 22C (72F).

Elsewhere

Dry with some sun; rain later. Max. 20C (68F).

Outlook: Rain or showers with sunny intervals. Temperatures near or above normal.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	Lisbon	C	18	64
Algiers	S	24	75	Locarno	S	24	75
Amsdm.	S	22	72	London	F	22	72
Athens	S	28	82	Luxmbg.	S	23	73
Bahrain	S	35	95	Luxor	S	42	108
Barclna.	S	22	72	Madrid	C	18	64
Beirut	S	25	77	Majorca	S	25	77
Belfast	C	11	52	Malaga	R	16	61
Belgrd.	S	28	82	Malta	S	25	77
Berlin	S	23	73	M'chstr.	C	16	61
Biarritz	C	23	73	Melbne.	S	11	51
Bmghm.	C	18	64	Milan	S	27	81
Blackpl.	C	15	59	Mntreal.	C	19	66
Bordx.	F	22	72	Moscow	S	15	59
Boulgn.	S	20	68	Munich	S	26	79
Bristol	F	19	66	Nairobi	S	20	68
Brussels	S	26	79	Naples	S	28	82
Budpst.	S	26	79	Nwcstl.	R	12	54
B. Aires	S	11	53	N. York	S	22	72
Cairo	S	38	100	Nice	S	23	73
Cardiff	S	18	64	Nicosia	S	30	86
Cas'b'ca	F	22	72	Oporto	Th	18	64
Cape T.	R	15	59	Oslo	F	19	66
Chicago	C	20	68	Paris	F	25	77
Cologne	F	26	79	Perth	R	13	55
Cpnhgn.	C	14	57	Prague	S	26	79
Corfu	S	29	84	Reykjvk.	C	9	48
Dublin	C	14	57	Rhodes	S	28	82
Dbrvnk.	S	25	77	Rio J'o	S	29	84
Ednbgh.	C	11	52	Rome	S	28	82
Faro	C	20	68	Salzbrg.	S	28	82
Florence	S	28	82	Singapr.	R	30	85
Frankft.	C	23	73	Stckhm.	S	19	66
Funchal	F	20	68	Strasbg.	S	26	79
Geneva	F	24	75	Sydney	R	14	57
Gibrltr.	R	16	61	Tangier	C	20	68
Glasgow	C	12	54	Tehran	S	25	78
G'nsey	S	17	63	Tel Aviv	S	26	79
Helsinki	S	17	63	Tenerife	F	26	79
H. Kong	S	31	89	Tokyo	C	26	79
Innsbrk.	S	29	84	Toronto	S	21	70
Invrnss.	C	13	55	Tunis	S	27	81
I.o.Man	C	13	55	Valencia	C	23	73
Istanbul	S	26	79	Venice	S	24	75
Jersey	F	18	64	Vienna	S	27	81
Jo'burg	S	16	61	Warsaw	S	21	70
L. Plms.	C	22	72	Zurich	S	26	79

C—Cloudy. F—Fair. R—Rain. S—Sunny. Th—Thunder.

THE LEX COLUMN

A vigorous rally in equities

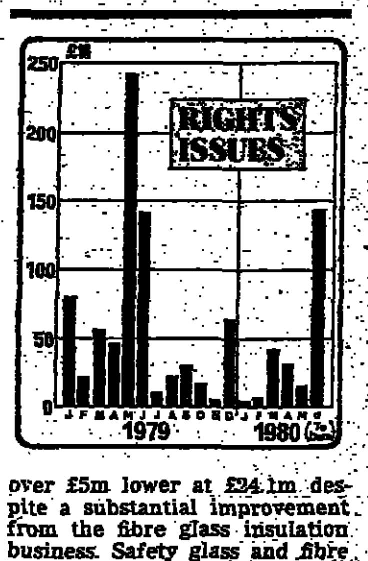
The London equity market has continued to stage an impressive rally this week, and finished last night with a renewed burst of strength as buyers came in for the new account. As recently as June 2 the F.T. 30-Share Index was languishing at 412.7. Since then it has shot up by more than 10 per cent in nine trading days, as the market has brushed aside its earlier gloom about economic prospects and, in particular, about company profits.

It looks as though the jobbers were caught with their books the wrong way. And many pension fund managers seem to be trying to get more fully invested, before June 30, the quarter day on which many of them have to draw up accounts for their trustees; they will not *wish to appear highly liquid in* a strong equity market.

A more fundamental reason, however, is that investors appear to be detecting — and perhaps reflecting — a change in the economic climate. The wave of cutbacks and destocking by industry, and the sluggishness of consumer spending, is leading to more relaxed financial conditions (to which above-target Government spending is also contributing). Money market interest rates have been looking soft, even though the authorities are not yet ready to see MLR come down.

The gilt-edged market has also quite shrugged off its disappointment with Tuesday's banking figures, and yesterday, when it became clear that there was going to be no new short tap stock, it forged ahead after hours. The treasury bill rate had fallen again, and there was strong demand from U.S. institutions — not all of them familiar names to the London investment community. Having supplied a good deal of the tap stock, Exchequer 13¼ per cent 1994, the jobbers will be looking to cover themselves with the Government Broker on Monday morning, and it is quite possible that this stock may be sold out.

Index rose 8.0 to 456.5



Pilkington

Pilkington's profits are holding up well so far, but are coming under mounting pressure in the UK. For the year to March, the pre-tax figure is marginally higher at £91.4m—after £5.3m of adverse currency movements and a special payment of £3.6m to employees. The group will be doing very well to match this figure in 1981-82.

In the UK, trading profits are over £5m lower at £24.1m despite a substantial improvement from the fibre glass insulation business. Safety glass and fibre glass reinforcement have lost several million pounds, and the windscreen business in particular is now having a very rough time. In the last month or two, *moreover, both insulation* and the flat glass activities have started to feel the squeeze.

Profits overseas, by contrast, have risen a sixth to £24.9m, even though strikes and redundancies in Canada cost about £5m. Pilkington is now having a big impact on the Scandinavian market, and the South African and Argentine companies have also done very well.

There should be further progress here in the current year, which also brings the consolidation of the £140m Flachglas and Dahlbusch acquisitions. These activities made about £6½m after tax last year, and should more than cover their financing costs.

Pilkington's balance sheet remains very strong, with a debt: equity ratio of about 1.4 after the acquisitions, and its dividend is covered over 3 times by current cost earnings. Sometime in the near future, BSN could well decide to sell the £24m of Pilkington shares which it picked up as a result of its disposals. Despite this uncertainty, a dividend yield of 7¼ per cent is not to be sniffed at by long-term funds.

British Home Stores

Like Land Securities last week, British Home Stores further illustrates the rule that it is easy to raise money—even in a depressed stock market—when you don't really need it. BHSs end-March balance sheet showed net borrowings of only £7m compared with shareholders' funds of over £130m. So a good deal of the £25.6m it is raising through its rights issue will go straight into the bank, though this liquidity will gradually be eroded by the group's sizeable capital spending programme.

The offered 9 per cent yield on the Convertible is a good deal higher, as far as the shareholders are concerned, than the immediate 4.4 per cent yield on the shares. At the same time, the cost of the loan to BHS is much less than that of bank borrowing, and for the time being at least the spare funds can be put out in the money market to show a revenue surplus. But it is questionable whether this is the right way to look at the financial sums. On eventual conversion this loan will lead to equity dilution (of about 8 per cent) and it is possible to argue that a group like BHS, which earns over 30 per cent pre-tax on shareholders' funds, can well afford to borrow.

Guinness

A squeeze on brewing in the UK and interest charges up by more than a third are the main factors cutting pre-tax profits at Guinness by 8 per cent to £21.2m at the halfway stage. An unenthusiastic profits forecast and an unchanged interim dividend helped push the share price down 5p yesterday to 91p.

Trading profits in Ireland, which are up a third, have been boosted to the tune of about £2m by the inclusion of the Harp Lager brewery (formerly held within an associated company). Volumes have recorded a modest advance all round and improved margins have meant that underlying profits have showed a gain even after translation into sterling. However, the big duty increases in the Irish budget may undermine the performance in the second six months.

Elsewhere there is unlikely to be any turnround from a less buoyant UK brewing performance in the first half and flat or declining trends in most other parts of the business. Higher capital expenditure and falling profits will force debt up by about £15m, and without a planned property revaluation this would have pushed gearing still further above the relatively high level in the last balance sheet. With the likely pre-tax out-turn between £45m and £50m for the full year, against £52.9m, the prospective p/e is about 8, fully taxed.

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